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2 August 1993

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MUP Official Urges Military Involvement in Bosnia

93BA1259B Zagreb DANAS in Serbo-Croatian 9 Jul 93
pp 14-15

[Interview with Tomislav Mercep, adviser to the Croatian minister of internal affairs, by Zeljko Luburovic in Zagreb; date not given: "We Need 48 Hours for a Military Victory"]

[Text] Many people hold Tomislav Mercep to be one of the greatest legends of the war for the homeland. His career from wartime military commander to adviser to the minister of internal affairs is considered the most controversial destiny of this war. Perhaps that is supported by the fact that Tomislav Mercep's office in the building of the Croatian MUP [Ministry of Internal Affairs] is even less than a modest little room, almost incompatible with his fame. Nevertheless, having gained the rank of chief inspector in the police, Mercep is serving self-sacrificingly in Zagreb. He is also unsparing in spending his working hours in the field on the outskirts of Vukovar, the city where he completely proved himself. Now, he says, he is in exile and shares the fate of all the Vukovar exiles. He spoke in very harsh terms about their problems at the last meeting of the Zupanija House of the Croatian parliament, where he is a deputy of the HDZ [Croatian Democratic Union].

"The problem of the life of an exile is happening both to me and my family. I say that the exiles gave the most to create the Croatian idea of statehood. They are also the most patient part of the Croatian population, they have been suffering all their troubles stoically. At the same time, I say that as a state we dare not conduct only a short-term policy of caring for them, but we must turn to a longer-term model. This means that the number of exiles must be reduced to a reasonable figure, and the others must be allowed to take part in the transformation and the acquisition of capital. That would strengthen the state both financially and technically, and it could also secure the borders. Secure borders guarantee the race for wealth."

[Luburovic] How capable is Croatia of securing its borders?

[Mercep] I have no doubt about that. We must be reasonable and say that we are a state which thanks to the knowledge and determination of the Croatian man would be able to conquer the 3d Army in Europe. At the same time, we must realize that the initial euphoria is ebbing and that reason is taking over more and more. And when reason speaks, then there is no longer a need for our people to die with hunting rifles in their hands. Whoever has more motivated personnel and better equipment wins in a war. Croatia is able to create an army on the basis of well-known indicators. But we must become still stronger from the technical standpoint. I harbor no illusion that we are technically superior to our enemy, but I do believe that we have enough strength, if

we have enough wisdom, to take back our areas militarily. We do not deny the right of the Croatian Supreme Command to negotiate and reach an agreement, but we suggest to it that it prepare the Croatian people and Croatian Army for a decisive demand—return of the occupied territories by military action. That is the manner most acceptable to the Croatian people.

[Luburovic] The displaced persons are still not returning to their homes, although the president of the republic himself said a year ago in Slavonia: Set out for your homes on your own, no one can stop you, not even the UNPROFOR [UN Protection Force]. The date for their return has been moved from last fall, then the summer, and then further....

[Mercep] The president, like any normal person, is emotional. It is not up to the people to return on their own, but the institutions of the system should get them back. That is, the blame for their not having returned lies on the institutions of the system. Often, those institutions have not known what they wanted and by what date they wanted it. Both the world and the enemy respect you to the extent that you respect yourself, to the extent that you are ready to stick to principle. Croatia is in a difficult position, because it has few friends in the world, and even they are calculating. All countries are looking to their own interests and the interests of their citizens. That is what Croatia must do as well. The assurances which we have offered the world are more than adequate, and the stability of this and any future government depends on whether we have the strength to finish this process in a manner that our people demands of us.

[Luburovic] In this connection, how do you think policy should be conducted, both foreign and domestic?

[Mercep] The foreign policy we are conducting at the moment should have been conducted long ago. We approve extension of the mandate to the UNPROFOR, but if in a period of one month the peacekeeping forces do not meet our demands, as well as the decisions set down in the UN resolutions, we move into the decisive battle. We will restore dignity and territory to the Croatian people. Then we will offer those who want to live with us an opportunity to come and live according to the laws of the Republic of Croatia. We forbid those who cannot fit into that from entering and living in the Republic of Croatia. When we do that, we will have prestige both in the world and with the Croatian people.

[Luburovic] You say that the military option would restore self-respect and dignity to the Croatian people. Some people have said that the Maslenica operation would have had precisely that effect if it had gone at least as far as Knin.

[Mercep] The motive behind that action is not clear to me. As a man who has commanded military units, I would never stop in the position in which the Croatian Army stopped. I argue that that action showed the world that we have both the strength and the willingness for the

military operation, but also that we want the process of reintegration of the so-called krajinas into the Republic of Croatia to be done peacefully. The effect of the Maslenica operation was dual in my opinion: The beginning was superb, but the end was militarily imperfect.

[Luburovic] But even after that action the displaced persons are not going back to their homes, and sources of electric power and sources of water have not been liberated.

[Mercep] Croatia at the moment has enough strength to do that. This month should be used to strengthen that force, to become aware of the needs and demands of the Croatian people. When the period of a month is over, when the extension of the mandate of the UNPROFOR is unsuccessful (because I do not think that anything can be expected), the Supreme Command should choose the place at which the Croatian Army will strike with full force and bring the aggressor to the position of surrendering. The issue of the so-called krajinas in Croatia is easy to solve militarily. I think that the Croatian state should not wait for an outcome in Bosnia and Herzegovina [B-H], but must resolve the situation in Croatia. Then the situation in B-H will be crystal clear. The Croatian state and the Croatian people should stand behind the Croats in B-H, and if necessary should even intervene militarily. The Croats in B-H are not in a good position, because they must curry favor with everyone. And whoever has to curry favor is always a loser.

[Luburovic] You mentioned the period of one month to make a decision on military liberation of Croatia. Some people say that that will be delayed in order to obtain weapons with foreign currency from tourism, that the action will be postponed until next spring. Is it possible to wait another summer?

[Mercep] When a man wants to do something, then he should do it at once. If he is afraid of something, there are a thousand reasons for postponing resolution of the problem. Resolving the issue of so-called krajinas will not disturb the tourists in Istria and on the islands, because the war cannot reach those areas. A good action by the Croatian Army would end the war to take possession of the Croatian borders in 48 hours at the most. After that, talks and agreement can last 100 years if need be.

[Luburovic] Do you have any information about the situation in Vukovar at the moment?

[Mercep] I was recently in Bogdanovci. I was right at the entrance to Vukovar. I saw everything with my own eyes, and we have daily reports from Serbs who are on the other side. People are dissatisfied with everything that is happening there, and they say: Either come or we do not know what to do. The situation of neither war nor peace does not suit them. Even they want the situation to be resolved.

[Luburovic] Last week, Croats from Australia sent a certain sum of money to the Fund for Rebuilding Vukovar. How do things stand with that fund? How much money is there, who has control of it...?

[Mercep] You see, return of the displaced persons to the liberated areas around Cavtat proved unsuccessful because there was no program that had been thought through. People were placed in a position of returning to burned-out homes and seeking ways of rebuilding everything. Preparation for the return to the region of Vukovar and Vinkovci is being done much more thoroughly. We have interested a great many people in this. In view of the natural resources and border status, the situation in Vukovar is essentially different. Border crossings will have to be built there, trade will flourish, but also smuggling. All of this attracts people who are an impetus for development. There is no doubt that adventurers will also turn up and the police will have their hands full, but all of this, to tell the truth, is a thrust to development as a whole. In the end, the Croats in Vojvodina can hardly wait for the region of Vukovar to be liberated and to settle in it, because this is similar to the area where they live now.

[Luburovic] There is much debate about privatization and transformation. Has any firm in Vukovar completed that process?

[Mercep] Some people looked on the transformation as a real transformation, like when Jesus turned the water into wine or the wine into water. This is done by purchasing worthless firms with worthless paper. There is no question that crime is being committed during the transformation. In the trade sector, everyone is deceiving everyone else, so it is a question of who is deceiving whom better. My argument is that the deception in which the buyer deceives the customer and vice versa is permissible, but crime is not permitted. Especially by the people who know which firm is profitable and when which document should be used. This is ethical crime, which is considerably more dangerous than conventional crime, which can be punished under the law. Ethical crime can be punished if the Croatian people, that is, the political parties, demand that these people be eliminated from politics. The policy that they would conduct in the future would be neither ethical nor suited to the Croatian man and the Croatian state.

[Luburovic] Should the names of those people be made public?

[Mercep] Certainly. That should be done in the name of public morality, on behalf of those who have laid down their lives and lost their property for Croatia. That is why the government must publish the names of those who have abused their authority and acquired capital. It is not so important whether that is paper capital or real capital. The intention is important. What is your job in the police at the moment?

[Mercep] I am here more as a civilian who looks at the relationship between the public and the police. I contact

the minister and suggest what I would do to improve that relation. The relation between the public and the police is extremely good, but there is more work that should be done on it.

[Luburovic] How do you evaluate the security of the Croatian state? During the recent attacks on Cavtat, its citizens said that it is as clear as day that someone in Cavtat was telling the enemy where they should aim.

[Mercep] The people of Cavtat behaved in a ridiculous way. They should have notified the Dubrovnik police of what they had learned. If they kept silent, they are the ones who are betraying the Croatian state. In Zagreb, for example, there has not been a single act of sabotage. Nor has there been any in all of Istria, nor on the islands, in Cakovec, nor in Varazdin, Rijeka, Vinkovci, Osijek, etc. I do not see why the people in Cavtat should have kept silent. Did they not see for themselves that silence would cause the death of their neighbors and indeed their own.

[Luburovic] A particular attitude toward the people of Cavtat is noticeable in this response.

[Mercep] You are completely right. If they are complaining that someone in their community was communicating to the enemy, then they themselves are to blame for not having made public who that was. Through their silence, the people of Cavtat have simply approved that act. So that it does not appear that I have it in for Cavtat, I will say that the best commander of my unit, who was with me on all the battlefields, was Jozo Smok of Konavali. Let everyone take after him and let everyone love Croatia as he does.

German, Austrian Minorities Support Regime

93BA1261F Zagreb VJESNIK in Serbo-Croatian
11 Jul 93 p 4

[Article by Snjezana Canic: "Activities of Alliance of Germans and Austrians: They Fought at the Front, Too"]

[Text] *Members of the Alliance want nothing more than to foster the culture of their nations and to live and work like everyone else in Croatia.*

The Alliance of Germans and Austrians was founded illegally back in 1990, but immediately after the partisan elections and establishment of statehood, together with the disintegration of the former Yugoslavia, it was registered on the level of the Republic of Croatia. According to the chairman of the Alliance of Germans and Austrians-Osijek Branch, Vesna Pichler, membership in this Alliance is based on ethnic affiliation, either German or Austrian: "Most of all we want members of the Alliance to feel that they are members of that minority and to foster their ethnic affiliation through their lifestyle and disposition and through everything that shapes a nation. We endeavor to foster customs and culture and in this way to preserve our identity in Croatia. We have not

forgotten our members in the occupied territory, in Vojvodina, and in northern Bosnia either."

During the homeland war, members of the German and Austrian national minorities took part in the war in such a way that men reported to the front voluntarily, while women and others joined in humanitarian work. This meant caring for and housing children of all ethnic affiliations in the territory threatened by war, as well as procuring medicine, clothing, and shoes. Around 2,000 children, regardless of ethnic affiliation, were housed in homes and with families in Germany, Austria, and Hungary, and many wounded soldiers were in those states for treatment and rehabilitation as well. Similarly, Croatia received aid in the form of medicine worth more than 2 million German marks [DM], and one month ago the Alliance joined the campaign to help the Orthopedic Hospital with a donation of medicine valued at DM10,000 and the purchase of medical instruments. Also provided were vehicles for the needs of the HPT [Croatian Post and Telephone]. The list of cities that have been involved, through the Alliance, in aid to this region is a long one: Vienna, Linz, Munich, Stuttgart, Frankfurt, Eisenstadt, Singen, Emendingen, Budapest, and many others.

There were 41 casualties from this national minority in the war, while 86 of them suffered major or minor wounds, including three children, unfortunately. There are 172 of them who disappeared from Vukovar, and even after many interventions with UNPROFOR [UN Protection Force] there is still no information about them to this day.

There are 21,000 members of the Alliance of Germans and Austrians in the territory of Osijek-Baranja Zupanija, while there are 7,500 in the Osijek region alone. Besides in Osijek, there are also branches in Valpovo, Vukovar, and Beli Manastir, which are active in the territory of the city of Osijek. Each branch holds masses in German once a month, and radio programs are broadcast every Thursday from the Radio Baranja transmitter, as well as from Valpovo and Osijek. The programs feature news, a schedule of cultural events, sports, advertisements, and reports for members of the Alliance.

The Ministry of Education and Culture and the city of Osijek have backed the request for and approved the opening of two kindergartens for children of the German and Austrian minority. The Alliance has plans to open at least one elementary school class for children. A German-language school has also been organized for children and adults over the entire course of the summer at the Alliance's meeting space. Last week, 10 members of the Alliance traveled to the Hungarian city of Baar for a 12-day vacation. The children are studying German literature and music there.

The cultural monuments that belong to the German and Austrian nation are mostly intermixed with the cultural monuments of the Croat nation. Many of them were damaged during the war, but there are some whose fate

was truly tragic, such as German cemeteries. The situation is particularly bad at the cemetery in Valpovo, where some members of the German minority are buried, but without names, markers, or crosses. Vesna Pichler says, "When people die and are buried, they are all victims. That is why we will endeavor to erect a cross for the approximately 2,000 people in the Valpovo cemetery who were killed and died in the camp."

This summer, the activities of the Alliance of Germans and Austrians will include lectures and the arrival of high-ranking guests from Vienna and Klagenfurt and of their television, which is to film this Alliance's activities.

The primary role of the Alliance of Germans and Austrians in Croatia, i.e., in the building of a democratic

state, is to help President Tudjman, the Assembly, and the government of the Republic of Croatia during these difficult days, while respecting the laws and life of the Croat nation, because, as Vesna Pichler says, "it is important that our (German) nation respect this homeland in which we live; we do not want any sort of separation. The only thing that we seek is all the rights of a national minority, but with respect for Croatian laws, which have given us these rights. We cannot live or exist in any other way. It is similarly important that the expelled persons return to their homes and that normal life resume. Once the problems in Croatia are solved, it is certain that conditions will be created for the inflow of foreign capital into Croatia, and after that it will very quickly stand on its own two feet."

*** Trianon Anniversary, Right-Wing Meeting Described**

93CH0733D Budapest TALLOZO in Hungarian
15 May 93 p 4

[Article by Sandor Kibedi Varga: "Skinned Hungary, Paradise"]

[Text] Now, "at this moment," the thing our resigned nation is most troubled by is perhaps the fact that our remembrance of the Trianon [Paris] Peace Treaty has been monopolized by the extreme right wing—at least on 4 June on Budapest's public squares.

This is in part an indication of the weakness of social organizations and democratic institutions, for the appearances of groups of skinheads were not neutralized through their own events. Still, one can blame the police, first of all, which simply acknowledged the demonstrations of the extremists and which, under the pretext of democracy, either did not recognize the danger or...but no, one should not even assume any complicity.

The events that lead to the demonstrations also merit a few words. During midweek, some people drew fascist symbols (swastikas, arrow crosses) on Hungarian National Party leaflets and posted them at entrances of buildings. The police initiated an investigation, for it is now against the law to distribute symbols of tyranny.

A statement was sent to us by Izabella Kiraly B., the chief sponsor of the general meeting on Heroes' Square. What we learned from that statement was that "patriotic youth" would also be present at Heroes' Square at six o'clock Friday afternoon. They would go there after their memorial ceremony on Vorosmarty Square. The publication of the interview elicited great upheaval because the opening ceremony of Hungarian Book Week was also planned to be held Friday afternoon on Vorosmarty Square. That did not matter. Minister of the Interior Peter Boross said Friday morning in Nap-TV that "there are certain circles which immediately become desperate and then rally. But they have no reason to do that." The reasons for this were, he said, that Trianon is a sensitive issue for many people, and that the police is able to face any event. No word was said about how it is possible to put Trianon, Book Week, and the skinheads into one hat.

The Trianon general meeting was discussed Friday morning even at the MDF [Hungarian Democratic Forum] headquarters. Sandor Lezsak, the new interim party chairman, said that we are, unfortunately, unable to mourn properly. Did he know or suspected what was going to happen? It was around noon when the news arrived that the ORFK [National Police Headquarters] has reviewed the BRFK's [Budapest Police Headquarters] stand (and, apparently, that of the minister as well) and decided to ban the Vorosmarty Square demonstration of the '56 Anti-Bolshevist Union (Uncle Potyka's circle of skinheads) after all. After all, the law says that the right of assembly may not result in violation of the rights of others. The skinheads were advised, therefore,

to hold their meeting on Erzsebet Square instead of Vorosmarty Square. These were the events leading up to the "celebration" of the Trianon treaty's tragic day.

Yesterday did not pass without any scandals. The young skinheads began their march—waving Hungarian flags, of course—toward Vorosmarty Square as early as three o'clock in the afternoon. But they were stopped by police and civilians in front of the British embassy. The first group accepted without protest that [the site of] the event has been moved to Erzsebet Square. But those who arrived with Uncle Potyka later were not so understanding.

They began arguing with the cops, and Uncle Potyka could barely cool them down. He calmed down his children by saying that he himself requested a new site for their general meeting. It would be better for them on Erzsebet Square, he said, because at least all present there would be Hungarian people. (As opposed, obviously, to Vorosmarty Square, on Hungarian Book Week...)

A few hundred people participated in the Trianon memorial celebration on Erzsebet Square. Perhaps one-fifth of those present were skinheads, i.e., "conservative, true Hungarian youth." They wore white T-shirts, arm bands in the national colors, jeans and some kind of boots, for not every one of them could afford Martens boots. There were also quite a few people over the age of 60. The police, and reporters running back and forth, constituted the majority, of course.

The event began according to schedule, exactly at four o'clock in the afternoon. A man among those who gathered around the microphone on the small stage held in his hand a glassed and framed map of Greater Hungary, tied with a black mourning band. In addition, there were quite a few pseudo-1956 flags with a hole in the middle, and some black flags. Mr. Potyka just began his speech, namely, that 4 June 1920 was the date of the first Trianon but that another Trianon happened in May 1993 in Hungary's Parliament, when someone in the crowd started a disturbance. Some young skinheads also followed suit, together with the buzzards, those who poke their noses in everything. Thus, the solemn mourners and the mournfully commemorating ones were split into two groups.

As it turned out, in noticing the T-shirts printed with skinhead slogans, an American (or at least an English-speaking) gentleman, who was passing by, became excited and began shouting antifascist protests. It took the English-speaking skinhead sympathizers about ten minutes to resolve the antagonism; they recommended the illustrious guest to visit a warmer climate. There were some who maintained that the American was a Landesmann provocateur.

It was the speeches that were really scandalous and truly skinheadlike. According to Otto Fekete, the government should made steps to repossess the territories annexed by

the Trianon treaty. Instead, it recently surrendered Subcarpathia to Ukraine as a gift. This is nothing but treason. Zsolt Lanyi, spokesman for Torgyan's Smallholders Party, called the attention of those present that this was not a meeting of skinheads but a traditional commemoration of Trianon, and that those who were present were not bald because they were skinheads but because they were old and tired people. In the following, he relayed Dr. Jozsef Torgyan's greetings and then said that neither the government nor Parliament has the right to take the hope away from those who live in the annexed territories. Janos Roik pulled out the oft-heard idea that anyone who professes to be a Hungarian will be denounced as a fascist. We cannot, and do not want to, disown our own flesh and blood as certain liberals do, he said. Balint Nemeth proposed that those representatives who approved the Hungarian-Ukrainian agreement change places with Hungarians living in Subcarpathia. Imre Bosnyak was trying to prove that we [Hungarians] have done more for Europe than any other European country. And what did we get in return? Well, nothing but Trianon. Unfortunately, a certain Jozsef Antall appeared on the scene, completely unknown earlier, and betrayed our people.

Of course, the commemoration was closed by Mr. Potyka. He complained that they are being constantly denounced even though the only flaw they have is that they are true Hungarians. They were accused of intending to spread posters with swastikas on Vorosmarty Square. He criticized [Hungarian] Radio which, he claimed, announced every half hour Friday morning the false news that the police banned their general meeting. As a result, their friends who were planning to come from Miskolc have changed their minds. He sent the message to publishers and writers who were celebrating on Vorosmarty Square that, instead of protesting against a joint celebration, they should have postponed the Book Week until the following day. After all, Trianon is more important than a mere book week; this was the essence of his speech.

After six o'clock, the skinheads marched to Heroes' Square. The commemoration began there at seven in the evening, organized by the Hungarian National Party and sponsored by Izabella Kiraly B. When the skinheads arrived at the rain-soaked square, they were greeted by an enthusiastic applause by a small crowd, which subsequently grew to about 2,000. Izabella Kiraly B. was showing off in a mourning dress. A "scoundrel," Laszlo Waszlacik Gazember ['gazember' means scoundrel], stood behind her. There was a car of MUK [Community of Hungarian Journalists] there as well.

Izabella Kiraly B., the grand lady of the skinheads, explained again in her speech that the Carpathian Basin was made to form a single country and that the states, e.g., Yugoslavia and Czechoslovakia, which were artificially created by the Trianon decision, have collapsed by now. Tension in Central Europe can only be relieved by a peaceful reunification of the Carpathian Basin. King Stephen, Ferenc Rakoczi II, and Lajos Kossuth probably

covered their ears so as not to hear the rubbish blared to the world by skinhead ideologists.

* Report on Detention Camp for Illegal Aliens

93CH0786C Budapest BESZELO in Hungarian
19 Jun 93 p 6

[Article by Ferenc Koszeg: "Once More in Kerepestarcsa"]

[Text] On Monday, 15 June, a few officials of an Austrian human rights organization which deals with refugee issues, the Asylkoordination Osterreich, visited Kerepestarcsa. They wanted to know if Hungary could be regarded as a safe third country; whether the refugees deported from Austria were not threatened here by being deported to a country where their lives and freedom are endangered. The reporters of BESZELO accompanied the Austrians only as guides; we did not intend to write about Kerepestarcsa again. However, in the course of the conversation it turned out that this year, new groups of Chinese were transported to Beijing. But there, one is not happy about the services of the Hungarians. Recently, a publication appeared in China reporting the disappointments and humiliations of those Chinese who were headed for the former socialist countries, primarily Hungary, as the "promised land." We learned this from Peter Herzum, organizer of the Hua-Mu-lan Society which helps the Chinese in Hungary, who is fluent in Chinese.

Kerepestarcsa has been functioning as an alien control camp—in official idiom, "temporary dwelling"—since 8 October 1990, subordinated to the police regiment. Since it opened, it had about 13,000 inhabitants.

No one from the camp is deported to countries which are regarded to be dangerous, they say. These are: Iraq, Afghanistan, Somalia, and the countries of the former Yugoslavia with the exception of Slovenia. Kurds are not extradited to Turkey, but of Turkish citizens of Turkish ethnicity, 1,135 were transported back to their homeland, either voluntarily, or under police escort. Of 146 Iranians, 12 were granted refugee status through the Refugee Commission of the UN. (Hungary joined the refugee convention with regional restrictions; thus, it grants refugee status to Europeans only.) 112 Iranians left the camp in possession of a residence permit, but 22 were transported back to Iran; of these, there were four whose refugee applications were rejected by the Hungarian representative of the UN commissioner.

Almost half of the camp's inhabitants, 6,627 persons, have been Romanian citizens. How many of them were Gypsies? "We don't pay attention to that!" the commander said.

After a Pause of a Year and a Half

The officers of the police regiment and alien control were very annoyed in January 1992. They already selected the people whom they were supposed to escort—with an old, latinate word: deport—to Beijing, the second group of

Chinese in Hungary, when the press found out, who knows how, that on 3 January 57 Chinese had already been transported to Beijing on a private jet, under armed escort. As a result, the second transport was stopped, and in connection with a question to the minister in parliament, Istvan Morvay, the then political under secretary of the Interior Ministry (currently director of the office of refugee issues and migration) had to admit that in the target country, in China, there is a communist system.

No greater scandal resulted from the matter. According to the latest news, the deported were surrounded by Chinese policemen (or border guards) while they were peacefully squatting on the tarmac of the Beijing airport in the January frost. It has not been possible to find out their names since. Those who ordered and carried out the measure are not aware that the deported were harmed in any way. True enough, they didn't inquire too diligently, either.

Last month, deportation resumed quietly. This year, 33 Chinese arrived in the Kerepestarcsa camp; 14 of them were arrested at the green border. To date, 24 people were extradited to the authorities of the People's Republic of China. Perhaps to avoid attention, they were not taken all at once, but rather in small groups. This also had the advantage that more policemen could be granted a bonus flight to Beijing. At the moment, two Chinese are waiting at the "dwelling."

And the ones who were deported, can commemorate the fourth anniversary of the unfortunate events in Tiananmen Square—in Beijing.

* Interior Official on Emigreees' Right To Vote

93CH0786B Budapest BESZELO in Hungarian
19 Jun 93 pp 8-10

[Interview with Dr. Istvan Zsuffa, assistant under secretary of the Interior Ministry, by Ferenc Koszeg; place and date not given: "How Many Hungarians?"]

[Text] *In the United States he negotiated with representatives of 280 Hungarian organizations, Miklos Hasznos, Christian Democratic representative, said in the 22 May broadcast of 168 ORA. The membership of all of them would like to participate in the elections to the Hungarian national assembly, because "these Hungarians want to support Christian representatives with a national orientation."*

The government proposed to grant the right to vote to Hungarian citizens who reside abroad and have no permanent residence in Hungary. However, in the course of the 10 June six-party coordinating negotiations, it became clear that none of the parties of the opposition supports the proposal; that is to say, there is hardly a chance for its acceptance. By now, perhaps the government no longer regrets it, either. After all, it might happen that the membership of the organizations mentioned by Miklos Hasznos would increase the number of voters not

for the Christian Democratic People's Party or the Hungarian Democratic Forum, but rather for the Hungarian Way.

The following interview took place before the six-party coordinating session. We wanted to know what a person who has been living abroad for a long time or was born abroad needs to do to validate his Hungarian citizenship and, if the law opened a possibility, to exercise his right to vote. The interviewee was Dr. Istvan Zsuffa, interior ministry assistant undersecretary.

[Koszeg] How can one determine if a person who is permanently residing abroad is a Hungarian citizen?

[Zsuffa] The fundamental rule is that the applicant must prove his Hungarian citizenship. The proof is the easiest if the individual has unequivocal official documents in his possession; if he has an old identity card, passport, birth or marriage certificate, or other, similar documents. On the basis of this document, the citizenship department of the interior ministry tries to determine citizenship. The register of identity cards and addresses contains the documents on which all identity cards ever issued were based and, for the earlier period, the forms registering addresses. If, then, someone proves with, let us say, a 1956 identity card that he is a Hungarian citizen, then on the basis of the register of identity cards it can be credibly established whether he really is or not.

[Koszeg] An individual who left the country after 1 September 1929 either did not lose his citizenship or can reapply for it any time.

[Zsuffa] These are two completely different issues. The loss of citizenship, if we discount the immediate consequences of the peace treaty following World War II, could occur in two ways. A Hungarian citizen who left to live abroad was either stripped of his citizenship, or was released at his own request. In some cases the latter was indeed a voluntary request, but in other cases there was coercion in the background. This is why the new citizenship law declares that those who requested to be released after 1947 can regain their citizenship by a unilateral declaration.

[Koszeg] Let us take the basic case that in 1930, at the time of the depression, someone left for Brazil as an economic immigrant, received a Brazilian citizenship, but did not renounce the Hungarian one. Thus, from the point of view of Hungarian law, he is a Hungarian citizen?

[Zsuffa] That is correct.

[Koszeg] And what is the situation with his descendants?

[Zsuffa] It depends when they were born.

[Koszeg] They were born in Brazil and don't speak a word of Hungarian.

[Zsuffa] This is not what I mean. At the time of various laws on citizenship, the principle of descent was different. In terms of the law passed recently and the latest law, i.e., Law No. V of 1957, a person can acquire citizenship on the basis of descent if either of his parents is a Hungarian citizen. Earlier, however, it was only possible to acquire citizenship through the father. The situation must always be evaluated on the basis of the law in force at the time.

[Koszeg] In other words, the father emigrated in 1930, his child was born in 1938, the grandchild in 1963....

[Zsuffa] They are regarded as Hungarian citizens, or as Hungarian citizens, as well, this is beyond doubt. The chain continues.

[Koszeg] And if the amendment of the election law is passed?

[Zsuffa] On the basis of the amendment of the election law, wherever the Hungarian citizen lives in the world, he can vote. In reality, he can exercise his right to vote if he can prove that he is a Hungarian citizen, and has his name entered in the voters' register.

[Koszeg] Is it enough proof if the applicant has in his possession a birth certificate showing that his grandfather was born on the territory of present-day Hungary?

[Zsuffa] In itself, it is not enough; the documents must prove the entire family chain. After that—I couldn't mention this before—the officials of the citizenship department must clarify whether the individual ever had a so-called citizenship case. In other words, based on the available registers, they must see if, for instance, he was stripped of his citizenship.

[Koszeg] Let us suppose that he was stripped of his citizenship for political reasons, he died in the meantime, and his child would like to validate his citizenship.

[Zsuffa] This is a tough question. The main factor is whether the child was born after he was stripped of his citizenship, or before that time. If he was born afterwards, he is not a Hungarian citizen, and can acquire Hungarian citizenship only through a preferential naturalization process.

[Koszeg] But if he is alive, and requests that his citizenship be restored, his descendants will also be Hungarian citizens.

[Zsuffa] No; they, too, can only request preferential naturalization on the basis that their ascendant is (was) a Hungarian citizen. If someone was stripped of his citizenship in 1950, and he now declares that he again considers himself a Hungarian citizen, the declaration takes effect on the day the president of the republic completes the document for him. The restoration of the original state is impossible; it would lead to incalculable personal complications. In any case, for descendants to be naturalized, they must immigrate; they must live in Hungary.

[Koszeg] Is there an estimate of how many people might live in the world who are in principle Hungarian citizens? That is to say, he himself, or his father or grandfather left Hungary after 1 September 1929 and did not lose his Hungarian citizenship, or only his mother is Hungarian, but he was born after 1957? In connection with the amendment of the election law it was mentioned that one could count on at most 50,000 to 60,000 Hungarian voters from abroad. But on what grounds?

[Zsuffa] I think this is a fairly rough estimate. If I consider how many people emigrated from Hungary between 1929 and WWII, how many left during or after WWII, and then in 1956, because these were the three great waves, this is in the range of millions rather than hundred thousands. It is also true that a part of these people later lost their citizenship, or renounced it. In many countries, especially after the war, the rule was that a person could only acquire citizenship if he renounced his original one. In many countries, just as in Hungary, a civil servant cannot be the citizen of another country. In other words, it is possible that the number 50,000 to 60,000 is realistic, after all. It is not so simple to prove citizenship; people will only go ahead with it if they preserved their ties.

[Koszeg] How long does the procedure take if, say, the applicant has the birth certificate of his deceased father and can also tell where his parents used to live?

[Zsuffa] In any case, unfortunately, several months. In many cases further proofs must be obtained officially, perhaps documents from the neighboring countries, which can take six to eight months.

[Koszeg] Distrustful people might start to suspect that the cases of voters who would presumably vote for the government might be taken care of earlier than others.

[Zsuffa] I believe very seriously that we, civil servants, must work in a neutral way. In no way do we want to create a situation that if the parliament passes the amendment, Hungarian citizens who live abroad would not be able to exercise their right to vote because the citizenship procedure was drawn out. As an analogy, I would mention the passport shortage: Because of the great run, we were forced to institute a number of emergency measures. If necessary, we will undertake something similar in this case, as well.

* German Commentator Sees 'Security Vacuum'

93CH0801A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 7 Jul 93 p 10

[Article by Viktor Meier: "Helplessly Delivered Into the Hands of Serbian Power—Hungary in an East European Security Vacuum"]

[Text] Budapest, Jul—Over the next few months, Hungary will receive 22 modern MiG-29 combat aircraft from Russia. They are part of a delivery worth a total of \$1.6 billion, which Moscow wants to use to pay back

former Soviet debts to Hungary. Fully half of this debt applies to military equipment. Hungary can thus finally somewhat improve its neglected defenses. In view of the threat from the surrounding neighborhood, primarily as a result of possible involvement with Serbia, this appears to be overdue. Hungary would also like to strengthen its armor and artillery. Yet, it cannot make use of the proffered opportunity for that purpose, because this would run contrary to the arms limitation agreements covering East European nations which were agreed upon between NATO and the Warsaw Pact at one time at the behest of most Western diplomacy. Hungary at the time had to accept these limitations hurriedly and almost under pressure and the responsible West did not even think of taking the potential of the former Yugoslav Army into account in setting the maximum strength numbers. Hungarian diplomacy has not been successful in achieving a revision of those former agreements.

In view of the growing insecurity in the neighborhood, external security for Hungary is becoming more and more urgent. Hungarian efforts, even if they were to be greater, can only remain a patchwork. Hungary has repeatedly approached NATO and is calling for some kind of association or, at least, for security guarantees. The government in Budapest believes that it has found a certain understanding for these desires, but firm commitments are not forthcoming. NATO Secretary General Woerner, who is probably most aware of the precarious security situation in East-Central Europe, is not authorized to make a commitment and the Western diplomats and ministers, who are attempting to calm the Hungarians, are restricting themselves to verbal statements. The upshot of this situation is that Hungary would probably have to stand by helplessly in the event the Serbs begin to drive out the 500,000 members of the Hungarian minority in Vojvodina, as the people around the Seselj area have already announced that they would.

Following the sanctioning of ethnic cleansing and ethnic division in Bosnia by the Western countries, "taking into account the realities which have been created on the ground," as Lord Owen has stated, nothing seems impossible anymore. Vojvodina has become a danger zone. Twenty thousand Hungarians have already been driven out of the formerly Croatian and Serbian-conquered Baranja area. Hungary might be able to count on Western support in the event Serbian troops were to cross the border, but this "assistance" could easily also render any assistance to the minority impossible. One can imagine that the Serbs would first initiate incidents at the border so that the West would bring about a cease-fire in its customary way which would prohibit Hungary from even moving a finger to the benefit of the minority.

The security vacuum which Western policy and diplomacy is permitting to develop in Central Europe has its consequences. Because the threatening conflicts will be limited in terms of regions and armaments, military policy thinking is again developing backward toward the "traditional" categories, say the prewar times. Conflicts

are again becoming possible. This elevates the significance of existing armies also in political terms, it can culminate in a call for a "strongman," and in any event promotes nationalistic thinking. There are likely not only economic or social, but also security policy reasons for the fact that consolidation of the political forces in various reform countries, which were never connected with the communist system, is at a standstill and that the so-called reform communists are finding their way back onto the political stage under new banners. This is not the case everywhere, but only wherever those forces were able to gain respect in the meantime. Romania, with its especially complicated conditions, only has the choice, now as before, essentially between Iliescu and relative chaos. Political developments in Hungary are also working in favor of the reform Communists, although it is generally felt that they would have to first part company with some personalities, which still tend to be too great a reminder of the past.

As is the case in the economic area, so the thinking in the security policy area is also focused on possible forms of regional self-help. The Visegrad alliance thus far lacks the character of a political or security alliance; it has no desire to become a "Little Entente." But in many places today there is a wish for something like that to come into being, even if it were only a stronger "lobby" on the international stage. Glances are being directed at the Czech Republic and its Prime Minister Klaus when there is talk of a "leadership role." Hungary is not opposed to such efforts; but its foreign policy is showing signs of that well-known and difficult-to-understand aversion to tackle the problems directly with the neighbor. Now as before, the Hungarians would much prefer to leave their Romanian neighbors in quarantine. They attempted to make trouble for Slovakia regarding entry to the European Council. In some cases, the Hungarian arguments are justified; in actual fact, Hungary need not stand still for every case of intolerance regarding its minorities in neighboring countries. Such acts of impatience occur constantly in Romania, while in Slovakia the culmination point of the wave of nationalism appears to have been crossed. But Budapest will have to admit that such slogans as "autonomy" for minorities in some countries, primarily in Romania, make people see red and lead to opinions that present-day minority policy is a substitute for a policy of annexation. Hungary has still not passed its own minorities law which indicates that minority questions are obviously delicate everywhere.

Hungarian President Goncz recently paid a visit beyond the Ural Mountains to Hungary's immediate and distant relatives—the Woguls and the Ostiaks. He brought them food and medicines. This type of "minorities policy" will not disturb anyone, but it does not solve any problems and is certainly not intended in this manner. Where it matters, the Antall government has made Hungary's position more difficult on balance with its inclination to first address its neighbors with an equestrian salute from high atop the European horse instead of immediately seeking contacts as equals. Meanwhile, the

situation in the eastern portion of Europe is becoming increasingly complicated and calls for new initiatives, something which even Budapest admits. The Bulgarian ambassador in Bonn, Stalev, recently noted at a congress in Heidelberg that the Yugoslav war is threatening not only to redraw economic boundaries and communications lines in southeast Europe, but creates completely new conditions for some countries. The events have made Hungary into the new main turntable in East-Central Europe. This role has its advantages, but also its obligations and burdens.

* Justice Ministry Official on Changing Legal System

93CH0783A Budapest MAGYAR FORUM in Hungarian 24 Jun 93 p 12

[Interview with Laszlo Kecskes, deputy state secretary of the Ministry of Justice, by Elemer Szeghalmi; place and date not given: "Justitia in a New Cloak"]

[Text] *A significant change in the evolving new system has occurred in terms of legal order and the administration of justice, just as in many other fields. Replacing the earlier pressures exerted by the party state, which prevailed in the field of public law, in particular, the primacy of law and justice rather than political considerations has come to the forefront. We interviewed Justice Ministry Deputy State Secretary Dr. Laszlo Kecskes on this issue; he is a recognized professional in the field of streamlining laws.*

[Kecskes] Changing political systems in general are accompanied by a change in the prior legal system. In Hungary, as of the early 1990's, this means that a bourgeois-type legal system characteristic of civil democracies must replace the socialist-type of legal system established over the past forty years. The need to make this exchange and a change is caused primarily by the fact that the internal source of law in the changed system, i.e., the sociological force that participates in, and supports legislation changes.

Toward a New Legal System

I will give a seemingly surprising response to the question of what kind of Hungarian civil law we had before. Not many socialist elements were incorporated into civil law, it did not, by far, become as socialistic as many would think. (Undoubtedly, public law has become much more socialistic during the past decades than civil law.) In any event, the fact is that during the communist era no real "socialist human image" has evolved in our civil law. In reading various segments of our codes of law, legal researchers seeking to find the subject of law will, sooner or later, relate to an abstract subject of law. The image of the "caring family man" in Roman law was something like this abstract subject, and so was the standard of care exercised by a "good custodian," a concept that was part of pre-World War II Hungarian private law. Returning to our present day situation, not even the legal subject of the communist era was anything

but, to use the fitting term, a denaturalized bourgeois. Only here and there did this legal subject face real socialist barriers. Perhaps the most disturbing thing to him was that he could not acquire as much property of the kind he wanted to as he could have, had there been no restrictions limiting the acquisition of property. The slim opportunity for long-term land use must also have had a damaging effect on his general feeling and his endeavors. Aside from these rules, only the former plan agreements, judgments in favor of the state still in effect today, and certain institutions showed and continue to show socialist roots.

After the system change, we, the lawyers of the new system, are also taking a broad based approach; many changes were made; we must, by all means, go step by step and make the necessary changes.

[Szeghalmi] Have we reached the point where it is possible to make a clear comparison, and to find out how our legislation is linked to West European principles and practice? What organization serves as a framework for this, and what is its primary purpose?

[Kecskes] The prime minister's 1991 signing of the EC association agreement was the decisive moment. The agreement has not yet been fully ratified, but hopefully, this, too, is going to take place this year. This agreement, too, addresses the issue of streamlining laws, it enumerates 20 fields of law where urgent solutions are required.

The public recognized the European Community as a set of economic communities. Their development is like a pendulum. Sometimes development is intensive, at other times it is extensive. The streamlining of laws, however, always develops along a straight path.

Streamlining Laws

Hungary is not yet obligated to streamline its laws, but we are definitely making such endeavors. Two extreme viewpoints have evolved in this regard. One wonders why we have not done this earlier. Why is it not in effect? The other question is this: In reality, why do we need Europe? We have also experienced fiascos with the EC; they have left us to our own, why follow them? The truth may be found in between the two; we must not act hastily, but at the same time we must not make mistakes either.

People not involved in the legal profession can best approach the streamlining of laws from the political standpoint. It will make political life easier, because once the streamlining of laws becomes intensive, the government will be able to offer legislative proposals month after month, with hardly any deviation. The representatives themselves must get used to the idea that legislative proposals based on streamlined legal principles do not afford opportunities to enter into personal and political debate intensified to the knife point with respect to individual legislative proposals.

The outstanding significance of streamlining laws can be measured by comparing it to the adoption of Roman law a long time ago.

[Szeghalmi] Is the average reader only vaguely aware of how the European union, and within that, the need to establish common law came about?

[Kecskes] The EEC came about after six states established the European Nuclear Energy Community in the framework of the Rome Accord. These agreements faithfully reflected an endeavor for international cooperation promoted by a Europe struck by World War II. Quite obviously, the economic agreements also opened paths in other directions, because, according to the preamble of the EEC agreement, the signatories "decided to lay foundations for an increasingly closer union of the peoples of Europe, and that they have resolved to unite their resources as a result of such union, in order to preserve peace and liberty."

The Significance of the EC

Two common institutions came about in addition to the economic framework: The General Meeting (subsequently called the Parliament), and the Court. These two main institutions were unified in 1965. Thirty years later, 12 countries signed the document concerning a unified Europe. This agreement expanded the scope of the EEC agreement and introduced several significant changes in order to advance the cause of European integration. As generally perceived, the EC could be characterized as "a unique phenomenon in international law, the first supranational organizing effort."

[Szeghalmi] What should we know about the Community's legislative practice?

[Kecskes] The legislative power of EC institutions was established in Article 189 of the EEC Agreement. "In order to perform its tasks, it is necessary for the Council and for the Committee to create and issue decrees, guidelines, resolutions, recommendations, and opinions consistent with the requirements of this agreement."

Decrees have general applicability. Their prescriptions are mandatory as a whole, and it must be possible to directly apply decrees in every member state. Guidelines must be mandatory with respect to every member state from the standpoint of the goal to be achieved, at the same time, however, the choice of form and method in which the goal is to be achieved is left to the authorities of the individual countries. Recommendations and opinions have no mandatory force, while resolutions are mandatory with respect to those to whom they are addressed.

Article 191 of the EEC Agreement states that "decrees must be published in the Official Journal of the Community." They gain force on the day specified in the published version, or, lacking such a date, a day after

publication. Guidelines and resolutions must be communicated to those to whom they apply, and take effect when communicated.

[Szeghalmi] Do you, Mr. State Secretary, know of exceptional legal situations anywhere in the world, that are worth mentioning?

[Kecskes] Most recently, an exceptional situational evolved when the GDR had ceased to exist. Overnight, as a result of the reunification of Germany, the old East German economy was able to begin functioning based on West German law in force, one of the most modern legal systems in the world. One could not rule out the theoretical possibility of some other country accomplishing a political system change to also give force to the legal system of another state that has a more developed legal culture and regulatory approach. But one cannot realistically expect this to happen, in part because of the principle of sovereignty that plays an important role in the political thought and jurisprudence of the states, and in part because an unorganized adoption of a different system also has its own dangers.

* Union Official on Relations With MSZP, Finances

93CH0733A Budapest 168 ORA in Hungarian
25 May 93 p 4

[Interview with Laszlo Sandor, vice president of the Federation of Hungarian Trade Unions, by Henrik Havas; place and date not given: "The Beneficiaries of 600 Billion Forints; A New Power Center? Social Security Elections and Pensions"]

[Text] *As it is well known, it was the MSZOSZ [National Federation of Hungarian Trade Unions] that came out ahead—indeed, it won a landslide victory—at the social security elections. Some people say that this is an indication that the left wing is gaining strength. On the other hand, the SZDSZ [Alliance of Free Democrats] says that it would be a mistake to interpret these votes as signs of commitment. MSZOSZ Vice President Laszlo Sandor lead on the health insurance list, representing the MSZOSZ. He was interviewed by Henrik Havas.*

[Havas] What do you think, is it true that their success does not indeed signify a left-wing advance?

[Sandor] It would be better to regard the elections at the local social security administration boards as a step forward in a [particular] interest structure. An institution was created, whereby the administration of the [social security] contributions of employers and employees will be relegated to representatives of employers and employees.

[Havas] But, still, the victory of the MSZOSZ, which is well known to be committed to the left wing and which maintains very good relations with the socialists, may have meant a step backward for Hungarian democracy.

[Sandor] I am certain that it was a step forward. For if we look at local social security administrations, we see that the issues are not political issues. The point is that the fund of 600 billion forints will finally be in the hands of those who are contributors as well as beneficiaries through its services.

[Havas] Still, the fact that more than 40 percent—almost half—of the voters cast their ballots on the MSZOSZ means that they approved a left-wing organization.

[Sandor] On the one hand, voters cast their ballots on a good 373 trade union and, on the other hand, I think it is natural that a trade union, in doing its job, would base its value system on a left-wing value system.

[Havas] But if they have active relations with the socialists, this outcome could also mean that one of the six parliamentary parties will be able to greatly affect people's lives through this 600-billion social security and health fund....

[Sandor] This inference is not so simple. It is an indubitable fact that the MSZOSZ maintains good relations with the MSZP [Hungarian Socialist Party]. But I want to add immediately that, preceding the social security elections, we called upon each parliamentary party, with the exception of the FIDESZ [Alliance of Young Democrats] and the FKgP [Independent Smallholders Party], to cooperate with us. This cooperation and dialogue, with the SZDSZ [Alliance of Free Democrats], the KDNP [Christian-Democratic People's Party] and, in essence with the MDF [Hungarian Democratic Forum], still continues at present. Thus, these relations are not so one-sided and exclusive as many people like to think.

[Havas] Even the lay citizen, who is not especially interested in politics, knows that power is where the money is. The annual state budget is 1,100 billion forints, and from now on, half of this will be managed not by legislation and the state administration but by two local administrations which represent the civil sphere. Does this mean that there will be a state within the state and that a new power center has been created in opposition to the power establishment?

[Sandor] No doubt, the elected local administrations now has great economic powers as well. And it is also true that, since this fund has been mostly managed until now by the government, its opportunities for maneuvering have diminished to a certain extent through these elections. And it is also true that it is a very significant factor when such administrations begin to manage a 600-billion-forint fund with the support of more than 3 million people. Still, I would put the emphasis somewhere else. I think that this can also be a stabilizing factor in Hungary's social life. These local administrations will exist regardless of any given [government] administration and, if it will do its job well, then, according to the logic of insurance, it will be able to make a social contract with the citizens so that everyone will

contribute a certain sum. In exchange, they will have a financial right to get insurance services for health, medications, and pensions.

[Havas] My neighbor, who watched the elections on TV, told me to ask you this: what is this whole thing for, since no one mentioned any increase in pensions?

[Sandor] Yes, the trade unions were careful indeed in making promises, to avoid the prospect of ashamedly having to face the voters after a year, admitting that they had made irresponsible promises and deceived them. In my view, the lack of promises does not mean that taking up the issue of increasing the pensions for the year of 1993 should not be done as a first step in the second half of 1993, following the establishment of the local administrations. For it is intolerable that pensions are being increased by 14 percent while prices are increasing by 24-25 percent.

[Havas] Does this mean that one can expect a major increase in pensions during the second half of the year?

[Sandor] Within the local administrations, the MSZOSZ maintains that the 14 percent must further be increased.

[Havas] When will the new administrations be set up? We have now elected 30 of the 60 persons in each of the two boards. When will the employees nominate their 30 candidates for each of the boards?

[Sandor] According to the statute, the administrations must be set up within a month. This means that they must be in operation by 20 June. The employees must also have their delegates by that date.

* Situation of Coal-Mining Industry Discussed

93CH0733C Budapest BESZELO in Hungarian
12 Jun 93 pp 18-19

[Article by Zsuzsa Szoke: "Coal Eyewash"]

[Text] *The documents we collected on the recent history of mining add up to a thick file. In them, we discovered things that may serve as explanations for the present situation of Hungary's mining industry.*

An Alternate Solution

In 1990-91 the government had three choices. One was to prohibit coal imports by decree, allowing only domestic production to meet private and industrial demand. But since domestic production is unprofitable, this decision would have crushed the budget. The other solution would have been to allow coal imports, but exclusively within strict import and trade regulations, for it is not immaterial in terms of national security, which country we depend on when it comes to energy. As a third possibility, the state would have introduced a complete liberalization of coal imports. Well, the government chose the second option because in it was

possible this way to save some of the viable mines through regulations of imports as well as domestic production.

A trilateral agreement was signed on 8 January 1992. The document was validated by the Ministry of Industry and Commerce on the part of the government, by the board of directors of coal companies on the part of employers, and by the BDSZ [Coal Miners' Union], which is a member of the MSZOSZ [National Federation of Hungarian Trade Unions], on the part of the unions. At the same time, another agreement between the government and the BDSZ was signed on 8 and 9 January 1992, Chapter 2 of which deals with the protection of domestic energy coal production. It is stated in both documents that the trilateral agreement involves only domestic energy coal, not coal for private use. This key issue is considered a "national interest" in the agreement.

What Is the Answer?

The coal mines take advantage of this government decision by importing Czech, Ukrainian, and Russian pit coal. Smart coal companies sell part of the imported pit coal to the population and mix the remaining powdered coal into their own energy coal before shipping it to the power plants. This allowed commercially licensed coal companies to rake in higher profits on the one hand, and mines operating under adverse conditions to continue to be stable partners of MVM Rt [Hungarian Electric Works Corporation] on the other.

In principle, the trilateral agreement would operate under a strict system of import control. However, the Ministry of International Economic Relations (NGKM) regularly and consistently forgets to monitor the operation of licensees! This is how it can happen that while the importers (mining companies and close to 700 commercial firms) apply for licenses to import coal for general use, they buy pit coal which simply cannot be sold in the West because of environmental considerations, and which can therefore be bought at extremely low prices.

In the absence of monitoring, high-sulfur pit coal is flooding Hungary by hundreds of thousands of tons. However, this coal has not only more sulfur (2-3 percent) but also a higher caloric power than our domestic coal. This was noticed by the power plants, which in turn notified MVM Rt. Consequently, on 16 October 1992, MVM Rt accused the mines with fraud and indecent competition and then notified the Business Bidding Office. The League Miners' Association also initiated an investigation at the Ministry of Industry and Commerce. Pal Ligeti, department head at the ministry, gave the following account: "Only Nograd Coal Mines mixed imported energy coal to its own coal, involving 150,000 tons, for which the Business Bidding Office levied a fine of 100,000 forints against Nograd Coal Mines." According to League experts, profits on such a volume are 100-150 million forints and, thus, the amount of the fine is ridiculous.

Sandor Gyor, union secretary at Veszprem Coal Mines, also pried into this "delicate matter." He wrote a letter as early as 19 August 1992 to Laszlo Vas, director of the Center for the Restructuring of Coal Mining (SZESZEK), in which he stated: "Unfortunately, we received information during the past months about Hungarian Coal Mining Company importing large volumes of energy coal (e.g., Nograd) and shipping it Tiszapalkonya as its own coal. As a dire consequence, this activity...may serve as a precedent for nonmember trade companies to import and market energy coal. At the same time, the plants of our company are not working at full capacity...which adversely affects the wages and, consequently, the living standards, of workers. I request, Mr. Vas, that you call the attention of the directors and liquidation commissioners of the coal mines to this importing activity that adversely affect domestic coal production, and that you stop this activity. I am confident that you will find a solution to this delicate matter within our sector."

The Tatabanya Lobby

No reply came to Sandor Gyor's letter. No wonder, for he requested help precisely from those who are greatly involved in the business of coal imports. In mining circles, this group is simply referred to as "the Tatabanya lobby." Its members are, on the one hand, former directors general of national mining enterprises which registered the 1992 government contract under the name Mininvest Rt. Although this "firm" is not listed in the Hungarian business register, it was able to represent employers at the trilateral talks. Laszlo Vas, former director general of Tatabanya Coal Mines and director of SZESZEK, was one of the representatives. On the other hand, the SZESZEK was established by the same Ministry of Industry and Commerce whose deputy state secretary, Arpad Bakay, represented the government at the signing of the agreement. Arpad Bakay, as a ministry official, became member of the board of directors of the State Property Management Corporation, which manages, among others, the mines and MVM Rt. On 12 May 1993, Arpad Bakay was elected chairman of MVM Rt's board of directors. Thus, a personal bond was achieved for the trilateral agreement, which was signed "in the interest of the national economy." When Bakay left the ministry, he was succeeded by Istvan Szucs (former National Assembly representative of the MDF and secretary of Parliament's Economic Committee), who is still member of MVM Rt's board of directors. The League learned that, before turning to the Business Bidding Office, the MVM Rt. acquired the data on coal imports and importers from the NGKM, with the solicited help of Istvan Szucs. Subsequently, Istvan Szucs handed over a sealed envelope to Istvan Kiss, deputy chairman of the League Miners' Association, but there was only a blank sheet of paper in the envelope!

Other members of the "lobby" are Gyorgy Nemeth, chairman of Hungarian Solid Mineral Mining Union (MASZISZ) and former director general of Veszprem Coal Mines, which later filed for bankruptcy. On 30 June

1992—one day before the new Labor Code went into effect!—he represented MASZISZ in signing a collective contract for the sector with the BDSZ, disregarding the League's union rights. Incidentally, Gyorgy Nemeth is managing director of Rumpold Coal Marketing Ltd.

However, Erno Morvai, former director general of Nograd Coal Mines, now defunct with no legal successor, is the top coal mixer. On 25 July 1991, representing the mine that was being liquidated, Erno Morvai provided 18.2 million forints in cash to a company that was to be established with an initial capital of 52 million and, on the very same day, signed a syndicate contract 3&3 to increase the registered capital, in the course of which "Nograd Coal Mines shall contribute its complete coal sorting equipment, worth 100,000,000 forints, as assets." The unusual syndicate contract was signed by the following persons: Mrs. Emil Harsanyi, the Financial Institution Center's liquidation manager; Dr. Janos Ban and Dr. Eva Lango Kadar of the Hungarian State Railways (they contributed 10.4 million as real capital!); Dr. Csilla Olle, managing director of Corvinus GmbH; Dr. Karoly Szilak, managing director of Tranzit Tuzep Ltd.; and Andras Kazinci, managing director of Elektro Metal Ltd. Fully aware that a liquidation was unavoidable, Morvai, passed on (with the help of the financial institution) the 100-million coal sorter located in Zahony-Eperjeske to Jouleimpex Ltd., some of the owners of which are private firms with significant capital share. Jouleimpex Ltd. is now one of the largest coal importers in Hungary.

Miners' Plunder

For information, Sandor Gyor also sent a copy of his letter to BDSZ chairman Antal Schalkhammer. However, on 1 January 1991, Antal Schalkhammer founded Amazonit Commercial Single-Person Ltd., using the one million forints of miners' membership fees. The company's success in covering the domestic market with 250 million tons of imported coal is well illustrated by its 28 May 1992 balance sheet, which indicates a profit of 13,625,000 forints. It is unbelievable but true that Hungary is the only country in the world where a miners' union leader is involved in a moonlighting job of coal trade, importing coal, not just any kind of coal but that of the competition, thereby endangering the jobs of miners on the long run!

However, this was not enough for Schalkhammer. On 10 July 1992, the contract was changed and, as a result, Erno Szucs, managing director until then, bought 51 percent of the firm at nominal value. Subsequently, on 20 October 1992, the company's registered capital was increased to 3 million forints through Erno Szucs's contribution of a 2-million-forint vibrating conveyor belt as real capital of assets. In plain language, Erno Szucs added his own two million to BDSZ's one million, thereby acquiring half of the firm's ownership and part of the profit generated by the miners' membership fees.

* Deposit Insurance Fund Chief Interviewed

93CH0784A Budapest 168 ORA in Hungarian
22 Jun 93 p 19

[Interview with Elemer Tertak, managing director of the Deposit Insurance Fund, by Jozsef Laszlo; place and date not given: "The Starry 1 Million Is the Ceiling; Banks, Too, Are Hazardous Places; In Name Only, or by Assuming Risks?"]

[Text] *The need for an insurance institution to protect bank deposits has arisen as early as in 1991. A provision taking effect on 1 July enables this to happen. Thus more than 90 percent of funds deposited will be protected. Jozsef Laszlo interviewed Elemer Tertak, the managing director of the National Deposit Insurance Fund, concerning the new provision.*

[Laszlo] Mr. Tertak, the Ybl Bank scandal exploded just about a year ago. At that time, depositors were scared to death, they literally besieged the bank, a majority of them too late, and suddenly began worrying about their money deposited in other banks. All this took place because something unexpectedly had happened, something that 90 percent of the people did not count on: What happens if a bank not backed by the state goes bankrupt, a bank whose funds are not guaranteed by the state. I believe that this is the beginning of the background to current newspaper advertisements about the establishment of the National Deposit Insurance Fund.

[Tertak] Not quite. The financial institutions law adopted in 1991 already contained a provision for the establishment of a deposit insurance institution. In those days the National Assembly established 1 January 1993 as the deadline for this to take place, but implementation was delayed due to the busy schedule of the National Assembly. In other words, the Ybl Bank situation occurred at a time when legislators were already aware that an institution like this might be needed, but when such an institution could not yet be established. But in any event, this was the last incident that made it clear that banks, too, are hazardous plants, and thus, like with respect to vehicles, insurance similar to that provided in other countries was needed in order to keep depositors safe, even if the state's guarantee does not apply to everyone, and to all types of deposits.

Fee, Like in Gasoline

[Laszlo] Why did you draw the line precisely at 1 million forints, regarding the guarantee given to depositors if their deposits must be reimbursed?

[Tertak] Fees would have greatly increased had they established a higher insurance limit. They endeavored not to make the cost of security terribly high, i.e., these fees should not unnecessarily depress interest paid on deposits, and increase interest rates on borrowing. Even otherwise, statistics show that 90 percent of all deposits

are covered by the 1-million-forint insurance limit, because most deposits, including anonymous deposits, do not exceed this amount.

[Laszlo] You are talking about insurance. In other words, does the deposit insurance fund operate like a real insurance institution?

[Tertak] Yes, in essence. In many respects it resembles the earlier mandatory Hungarian vehicle insurance, for which the "fees" were collected as part of the gasoline price. In the context of deposit insurance, the premiums must, implicitly, come from interest earned by the banks, because these fees are paid by the financial institutions and not by the depositors, even though the insurance benefits the depositors.

[Laszlo] You brought up mandatory motor vehicle insurance as the basis of comparison, even though that system caused rather large losses to the state, as far as I know.

[Tertak] Undoubtedly so, but this occurred because the amount of the fee was regulated. The fee for which the National Assembly established a maximum limit of two-tenths of one percent, is certainly not enough to support an insurance fund that could pay off obligations in case a larger financial institution failed, a thing we trust is not going to happen. Although the law enables the fund to borrow in such cases, and to thus discharge its obligations, the shortage thus incurred would have to be financed by the rest of the financial institutions in the form of increased fees.

[Laszlo] What do you mean by a "larger failure"?

[Tertak] If, let's say, one of the country's six leading financial institutions were to fail, that failure would involve an amount so great that the two-tenths of one percent fee would not be enough to cover the loss. Realistically, one need not consider this possibility of course, and the two-tenths of one percent rate could settle possible smaller concerns without increasing the fee.

Secure (Insured) Forms of Deposit

[Laszlo] How large is this fund?

[Tertak] Assuming that the total amount of deposits is 1,000 billion forints—and I add that some of this is guaranteed by the state, and we do not collect fees after that—then this sum would amount to about 1 billion forints, if all deposits were included.

[Laszlo] How much could this whole thing cost to depositors, in other words to those who, in theory, would be insured up to 1 million forints as of 1 July, if they opened accounts in their names?

[Tertak] No direct charges will be made against their accounts, in other words, no deductions will be made from the interest they earn on deposits. As I said: This fee must be paid by the banks, but it is obvious, that the banks, too, must have adequate funds to cover this cost.

This rate of two-tenths of one percent is negligible as compared to the average interest rate differential between interest earned and interest paid by banks, accordingly, the deposit insurance fee does not directly necessitate the increasing of interest rates on loans, or, conversely, reducing the interest rate on deposits.

[Laszlo] What should people do if these provisions take effect on 1 July? Should they open new accounts, or do the provisions cover existing accounts?

[Tertak] Nothing has to be done by people who have accounts in their names, i.e., if the withdrawal of their deposits is subject to certain conditions—and this applies primarily to independent businessmen. Nothing needs to be done especially if the amount of the deposit in a given financial institution is less than 1 million forints. A person whose deposit in a given financial institution amounts to a larger sum of money, that person should consider either transferring his savings in excess of 1 million forints to another bank, or investing the excess money in a different form, such as in state bonds. But a person like this could also decide that he regarded the bank where he had his money as safe. The situation is somewhat different with respect to savings deposits that can be withdrawn on sight. No insurance is going to be provided in this regard in the future, because the designation of an account to a person's name is a precondition for being insured, and therefore, new deposits made to anonymous accounts are not going to be insured deposits. This restriction does not apply to deposits made prior to, or on 30 June.

[Laszlo] Why was this provision necessary?

[Tertak] Because otherwise the 1-million-forint restriction could not be enforced. If a person is able to deposit money anonymously, how could the 1-million-forint ceiling be realized? We are not dealing with a situation in which the deposit insurance fund is going to receive the names of depositors. This is out of question. These names become important only if a bank fails, and if depositors must be reimbursed.

* Changes in Agricultural Co-ops Law Discussed

93CH0784B Budapest 168 ORA in Hungarian
22 Jun 93 pp 4-5

[Interviews with Smallholders Party politician Dr. Lajos Szabo, by telephone from Hodmezovasarhely, and Dr. Tamas Nagy, speaking on behalf of the Agricultural Chamber, in Budapest, by Zoltan Farkas; dates not given: "Property Management Holding Corporations: The Assets of Villages Are Melting Away; Fields Torn Apart"]

[Text] *Amendments to the law on cooperatives are being prepared; they would make easier for people to leave agricultural producer cooperatives. Some members of the agricultural intelligentsia regard this as primitive political extortion, while others recognize the amendments as one of the conditions for the development of agricultural*

economy. To enable us to accurately understand this issue, we invited to our studios Dr. Tamas Nagy, a representative of the Agricultural Chamber, and telephoned to Smallholders Party politician Dr. Lajos Szabo at his home in Hodmezovasarhely. Zoltan Farkas is the reporter.

[Farkas] Why did you find it necessary to propose amendments barely a year and a half after the adoption of the cooperative law?

[Szabo] We were told of many things that could not be realized in the course of transforming the cooperatives. People did not accurately recognize the available opportunities. They were not courageous; their perceptions have not developed appropriately.

Take Whatever You Can

[Farkas] What kind of technical solution do you recommend?

[Szabo] First of all we recommend detachment in groups; "detachment" is a new term. We established three conditions for amending the cooperative law. First, constitutionality and citizen rights must prevail, i.e., every citizen should be able to dispose of his property on an equal basis. Second, and perhaps most important, agriculture must remain operational. Third, both the detached and the remaining units of a cooperative must remain viable.

[Farkas] What are the points of agreement and disagreement regarding the amendments to the cooperative law?

[Nagy] We must recognize at last that parliament manifested a rather weak performance in creating the transitional cooperative law. In reality, more than 70 percent of the property has come under the business ownership of people who do not take de facto part in farming. And one can figure, of course, that the number of these people is going to gradually increase, because retirement and leaving cooperatives for other workplaces are certainly going to result in an increased number of outsiders, while the number of old-timers is going to decrease.

[Farkas] And what are the old-timers going to do? Are they going to lease the land to the cooperative, or to someone else?

[Nagy] For quite some time now, the cooperatives had no land, not even one square meter of land. Cooperatives have implements with which the land can be cultivated, among other things. Accordingly, the cardinal issue in my view is whether there is something to be taken out from cooperatives. The cardinal issue is that in today's agriculture there is no income potential. Therefore owners who have business shares—irrespective of whether these are outsiders, pensioners or active, working people—are unable to obtain dividends from an overwhelming part of the agricultural economy, while in very many instances their assets melt away due to the economic conditions. This law does not establish income

potentials for agriculture. This law encourages everyone to escape, and to take with him whatever he can.

[Farkas] Mr. Szabo, you have certainly heard of these objections, have you not?

[Szabo] Yes, I have, and I do not know why one has to be afraid of treating cooperative members as adults. Cooperatives must not be maintained by casting in concrete the elements of the kolkhoz system, but instead by making them attractive, by giving them a function: to integrate production in given regions, to integrate sales, and horrible dictu, to finance agriculture. These are the things that can be built simply on the existing network of cooperatives.

Minus 40 Billion

[Farkas] Forgive me, but if I understand this correctly, these would be cooperatives without land, and the only function they would have is to organize the farm economy. In other words, they would not be producer cooperatives, but only some kind of property management holding corporations, directors. And cultivating the land would be left to the farmers or to the smaller communities.

[Szabo] We are not talking about property management holding corporations here. From a practical point of view, at this time already, producer cooperatives have no land, because all the land belongs to the membership.

[Farkas] In other words, have the producer cooperatives been successfully disorganized?

[Szabo] This is not disintegration....

[Farkas] I said disorganized....

[Szabo] A cooperative is not a cooperative because it owns land. A cooperative is a cooperative if it realizes the basic principles, and these are the basic cooperative principles.

[Nagy] I think we are talking about something entirely different than the essence of this matter. At present we have an ongoing compensation process, an ongoing release of proportionate share property; we have a huge drought; we closed an incredibly tough fiscal year in which Hungarian farmers, and within that group of people, the cooperatives, too, closed the year with a 40-billion-forint deficit. To take apart in the midst of an economic crisis the organizational units which continue to partially operate Hungarian agriculture, and to force them to chop themselves up in the course of a few months, is a total economic incongruity, at a time when the government says that a supplemental budget must be negotiated to breath some life into the economy. In other words, to implement an action like this in the situation Hungarian agriculture finds itself, in that branch of the national economy which was able to manifest some relative performance, amounts to economic suicide. Second, the cooperatives have transformed themselves

pursuant to law. I believe that starting a renewed campaign against them would be of extremely questionable value. I would like to make clear to our listeners what the cooperative membership needs. First of all, they finally need to finish the process that has been going on for more than two and a half years, which held out the prospect of being able to live and work like business organizations. So that they finally become capable of dealing with issues which produce profits to be distributed among the owners. We should endeavor to achieve a situation in which those who wish to operate farms are able to buy business shares from those who are interested in only one thing: how to turn their business shares into money. This law does not at all show the technique by which leaving a cooperative could be accomplished by 30 November. I, as a farm manager, know exactly that this is totally absurd. It is absurd to expect us to appraise the assets in the course of two months, or to have appraisals be performed during that period. I believe that this would only produce an incredible number of disputes, not solutions.

Slander and Extortion

[Farkas] Who else, beside the Agricultural Committee, supports your proposal? I am asking this mainly because this week's committee meetings were cancelled, and the government does not state unequivocally whether it is opposed to submitting this legislative proposal, or whether it is definitely going to submit it to parliament in the form of an administration bill.

[Szabo] Yes, if I may say so...first of all, presenting this matter as if someone would force cooperatives to fall apart is entirely false and untrue. This provides an opportunity to presumably adult cooperative members who know what is in their own interest. The other thing: No campaign is involved. We are witnessing a counter-campaign. We prepared this proposal decently; one may argue about it, but one should not launch a campaign against it. Who else supports this proposal? Well, if I may say so, we have indeed not reconciled the proposal with these various so-called interest groups, but I, too, am traveling throughout the country, and my fellow representatives and professionals who took part in drafting this proposal obviously engaged themselves in this work because this need was voiced from every direction, wherever they made appearances.

[Farkas] Support has a rather important ingredient. One hears in the parliamentary corridor that you are asking the government to support the proposal to amend the law, otherwise you are not going to support the highly radical proposed amendment to the budget.

[Szabo] This is the same kind of slander as your other statement, when you said that we want to coerce cooperatives, that we are campaigning against cooperatives. We established no condition, whatsoever, such as making our affirmative vote for the budget contingent on this...well, dear listeners, the group of 36 Smallholders has a much greater sense of responsibility than that.

[Farkas] I am very glad that you denied this allegedly slanderous statement. The only thing that appeared as odd was your failure to designate a floor manager for the budget debate.

[Szabo] We did not designate a floor manager because we have certain reservations regarding the amendments to the budget, and we still have a great deal of background negotiations going on, not about amending the cooperative law, but about proposals that affect the people in general, which impose a burden on the populace. We would like to clarify certain things before making public statements to the entire country.

[Nagy] I would like to add three things to this. First, I do, indeed, believe that there is an ongoing campaign, but we are going to argue about that. The other thing: cooperative members must be given the right to decide their own fate.

[Szabo] This is what we want.

[Nagy] Surely, things would be fine if this were the case, but I would like to note that these rights were also stated the same way in the present cooperative law. If members of a cooperative want to initiate a movement to detach themselves from a cooperative, they can implement such an endeavor, and they can leave with their assets. We are in agreement insofar as reducing the two-thirds' majority requirement required for the approval of the membership for detachments from a cooperative to a simple majority is concerned. This, however, would require a change in the law only at one point. If that were the case, leaving a cooperative could be accomplished more fairly, and indeed, easier from a technical standpoint. The third issue I must raise is this: I would like everyone to know that we are talking about the cooperative movement as a whole, in other words, about AFESZ [General Consumption and Marketing Cooperatives], about saving cooperatives, housing cooperatives, as well as about agricultural cooperatives, because the cooperative law governs all of these. And it would be of truly great help if we could work in peace, at last, and if we would not have to spend this fiscal year, let us say, the harvest period, with trying to reorganize people's endeavors to detach themselves from cooperatives, and with completing this entire action by 30 November, let us say. This amounts to economic adventurousness at this point in time, in my view.

[Szabo] If this amounts to economic adventurousness, then the failure of anyone wanting to argue this matter, to come forward and say, "Gentlemen, my fellow representatives, let's sit down and talk about this," amounts to political adventurousness.... Tamas Nagy, for example, could have appeared before the Agricultural Committee....

[Nagy] Mr. Representative, this matter begins with the fact that mandatory reconciliation is required regarding this law, and above all, you should have pursued such

reconciliation. This is not the case, however. This legislative proposal was presented to parliament, while several cabinet ministers said that the government did not agree with the proposal. This took place at the general meeting of cooperatives, and you were very well aware of this. And should we not say that we did not go to a place where we were not really invited?! I would like to note that some committees expressly did not want to invite cooperative interest groups. I will name that committee if you will: the Committee on the Constitution. In contrast, the Economic Committee invited all affected parties. That's all I want to say.

[Szabo] I would very much like to reach an understanding. Incidentally, I fully agree with Tamas Nagy's statement concerning the situation of agriculture. No differences exist in that regard.

* Proposed Public Education Bill Criticized

93CH0733B Budapest 168 ORA in Hungarian
25 May 93 pp 20-21

[Interview with Kata Beke, independent National Assembly representative, Attila Kalman, Ministry of Culture and Public Education Political state secretary, Zoltan Pokorny, Teachers Democratic Union managing director, and Gabor Borbath, Teachers Association deputy executive secretary, by Julia Varadi, at the Kossuth Club in Budapest; date not given: "Educational Struggle; A Very Sad Thing Is Happening; A Statute Is Better Than Spreading Alarm"]

[Text] *Everyone agrees that a law on public education should be legislated. Strangely enough, even those who think that the bill is unacceptable support the urgency of having this legislation. The reason for this is perhaps that even a bad law is better than nothing. A forum of experts has been held recently in the Kossuth Club. Julia Varadi talked at the meeting with independent National Assembly Representative Kata Beke, Ministry of Culture and Public Education Political State Secretary Attila Kalman, Teachers' Democratic Union Managing Director Zoltan Pokorny, and Teachers' Association Deputy Executive Secretary Gabor Borbath.*

[Varadi] I caught half a sentence of yours in the hallway just before the meeting began—excuse me, but it caught my attention—you said: again, the education bill is terrible.

[Beke] The way I would put it to the general public is that it is not appropriate, but that would mean the same thing. The sad thing is that it is needed. I said in Parliament in the spring of 1992 that the law that is in effect at present should be modified. Then a new bill should be drafted on the basis of a social-professional consensus. But it is too late now. There is much confusion. This law must therefore be passed even though it will solve nothing.

[Varadi] But why this hurry if it really would not solve anything significant?

[Beke] Because, I repeat, there is much confusion among our colleagues. There are many rumors, spreading of alarm, and much anxiety throughout the country. If the law is passed—I hope with many significant modifications—then at least something will be regulated.

[Varadi] What are your reservations, in concrete terms, that make you think that the bill is not practical enough?

[Pokorny] One of them is that our educational system falls short of providing almost 50,000 children with professional skills that are salable on the labor market. To put it bluntly, it is the problem of unemployed youth. The bill seems to provide a kind of solution to this by initiating the ninth and tenth grades. However, in my opinion, these children cannot be helped through this educational structure because they do not receive adequate professional training.

[Kalman] It is precisely the ninth and tenth grades which would help solve the problem of unemployment. At least to the extent of postponing it.

[Varadi] So is this merely a symptomatic treatment?

[Kalman] It is not a mere symptomatic treatment because at the age of 16, young people are more mature, better educated, and have a much better chance to decide on a career.

Parked Career Decisions

[Pokorny] If the trade school were unable to solve this until now, how could the elementary school, which would now be even more fragmented, provide real special training? This can only be solved in some kind of regionalized form and within the framework of an institutional system which provides intensive and modern training instead of a kind of parking [space].

[Varadi] You claimed that already the basic concept of this bill was flawed, that is, it did not even have a concept....

[Borbath] First, a concept of educational policy was drafted. It would have been the basis for a unified series of laws on public education, professional training, and higher education.

[Varadi] What kind of a concept of policy are you referring to?

[Borbath] An assessment of the situation would have been necessary to reveal the state of our educational system. Our starting point should have been an awareness of the situation, and not criticism. Only symptomatic treatments can result from criticism.

A System of Mistrust

[Varadi] This sounds rather "general" this way. Would you give us some examples?

[Borbath] The bill assaulted this entire system through a centralization of control. It was almost steaming with

mistrust. This approach was subsequently relaxed somewhat, certain things have been put at their proper place, but the bill remained definitely control-centered nonetheless. To say that the schools are not doing their job sounds like a [false] judgment. Of course, there are schools which do not live up to their tasks, but one should know their circumstances before criticizing them; one should look into the possible kinds of assistance that would help them increase the quality of instruction.

[Varadi] And, in your opinion, this did not take place?

[Borbath] No, because a fundamental issue, that of financing education, for instance, remains unsolved.

[Kalman] Let me, first of all, reply to the accusation that no concept exists. Even though they are not entirely equivalent to a concept that is lacking, the MDF's [Hungarian Democratic Forum] "Program of National Revival" as well as the program entitled "Higher Education Until 2000," together with the concept of the bill on public education, I believe nonetheless that they do indirectly provide a partial substitution.

[Varadi] Does this have any real and concrete connection with the bill on education and public education?

[Kalman] It definitely has, albeit an indirect one, of course. The codified text itself implemented the concept of the public education law, albeit, obviously, with some occasional deviations, for this text was finalized through extensive reconciliations. I can enumerate those 15 fundamental principles which serve as the basis for the entire concept. We will publish them in the KOZN-EVELES [Public Education].

[Beke] These key issues should have been included in the concept of the bill. In passing the budget, the issue of appropriately financing public education was closed with rather negative results to begin with. A reference to raising the quality of teacher training is made in the bill by way of a statement that an earned degree is a prerequisite for a career in teaching. Thus, those who have no degree would not be employed. But a degree program should be based on a real concept of a significant quality improvement. But [such a concept] is lacking. The third factor is the decrease in the required number of classes. At one time the MDF's program included 12-14 compulsory classes (note that each class meets three times a week). Had this been the case, a teacher would be able to conduct an intellectual lifestyle and would be able to prepare for his or her classes without self-exploitation. The law should include the so-called entrance regulation. That is, a national basic curriculum should be put before the representatives as an appendix to the bill, for that could serve as a basis for alternative curricula and textbooks. No system of examinations that would provide a guarantee for higher standards is mentioned in the bill.

[Kalman] We must not forget that our country is indeed in a dire situation. Nonetheless, the percentage of GDP [gross domestic product] allocated for education

increased from 4.8 to 6.48 during the past three years. This is very little, of course, but it is impossible to make up for the shortcomings of several decades in such a short time. With regard to teacher training and degree programs, these are mentioned in the program "Higher Education Until 2000," and it will be a primary task of the law to establish them. It is true indeed that not comprehensive, only partial provisions for them have been set forth in the bill. With regard to the required number of classes, it would be good indeed if teachers would be obliged to teach only 14-15 classes, but taxpayers have to pay more than 100 million forints for the elimination of a single class. Even the fact that the required 20 classes per week can be reduced to 18 in the upper division of the elementary school, is a noteworthy accomplishment under today's circumstances.

Average, Average, Average

[Varadi] Mr. Pokorny, I have the impression that this answer does not satisfy you....

[Pokorny] A bill of approximately 80 pages is at issue. However, the financing of education, which is the most important issue, takes up a mere four pages in it. A single article deals with components of Hungarian public education that should be financed from the national budget, namely, the financing of average wages for average teachers at the average number of students, which are listed in the bill's appendices. The earlier versions precisely stated the number of teachers to be let go: It was 20,000. We think that the portfolio should have presented a clear financing system, with a well-defined modus operandi.

[Varadi] Did you recommend such a system? And did you put your ideas in writing?

[Pokorny] Yes. We have put them in writing and then submitted them....

[Varadi] And were they rejected?

[Pokorny] They were rejected. This signifies a struggle not only between the unions and the portfolio but also between the education and finance portfolios.

[Kalman] We are doing everything we can in order to create a consensus, i.e., to have as many representatives support the bill as possible. We will support every professionally sound statement and modification....

[Varadi] Including the FIDESZ's [Alliance of Young Democrats] proposal for a six-party reconciliation?

[Kalman] If we now began a six-party reconciliation, we would run out of time, and the bill would not be passed by the beginning of the summer vacation.

[Varadi] Thus, you reject it for the sake of expediency?

[Kalman] Not at all, we are willing to debate with the six parties while the bill is before parliament. But we do not

want to yield to any blackmail because that would probably not achieve what I think Hungarian society needs most....

[Varadi] Why? Are you now being blackmailed?

[Kalman] No, but if the [passing of the] law would require a two-thirds vote, then we would be, but since a two-thirds vote is not required, we are not.

[Varadi] But why would anyone think of blackmailing you?

[Kalman] Because the government coalition cannot reach a two-thirds vote. Thus, one of the opposition parties should be won over to our side. But that party would set its conditions, meaning that it would tell us what to include....

[Pokorny] This way, however, a very sad thing is happening, for we missed a great opportunity. Because if the law comes into effect in September 1993, then we will have missed the opportunity to modernize and to take a step forward. In case the bill is passed and introduced as is, then, in a large part of the schools, those who would be able to change it would say, 'we will wait another six months until the elections'.

*** Interpretation of Charter of Economic Principles**

93EP0321B Warsaw *POLITYKA* in Polish No 29,
17 Jul 93 p 6

[Unattributed article: "Charter of Economic Principles of the Republic of Poland: A Look at the Foundation"]

[Text] *POLITYKA* has decided to reprint the complete text of the "Charter of Economic Principles of the Republic of Poland," adopted by the President's Council for Economic Development. Actually, we could headline this article "From Secret Archives" because, as we understand it, no national periodical has decided to reprint the full text of that document together with the appended "Explanations and Specific Recommendations." That is all the more surprising considering that the charter is already living a life of its own and has become an important reference point, both positive and negative, in the current electoral campaign. It is thus worthwhile to learn what it is all about.

The charter seemingly contains "axiomatic" theses and statements. But when it is read more carefully, it can be readily seen that, properly speaking, every one of its points is debatable. That concerns, for example, such postulates as the stabilization of tax laws by the year 2000, the curtailment of the role of the government as an entrepreneur, the establishment of the Administration of State Treasury Assets, a guaranteed minimum wage, the obligation of balancing the budget, and so forth.

Given all the reservations that can be raised about that document, it represents the first—since the Balcerowicz Plan—attempt to formulate an integral vision of Poland's economic system, to establish a framework for future legislation. Much indicates that the charter can be the foundation of the postelectoral governing coalition. We propose a look at that foundation....

The Charter of the Economic Principles of the Polish Republic

The purpose of business activity is general prosperity. That purpose is best accomplished through a competitive market economy based on private ownership, private enterprise, and personal liberty, meaning the untrammelled right to choose one's career and domicile and to establish businesses; personal freedom is shored up by economic independence.

To achieve prosperity as soon as possible, the guidelines below should be followed:

1. Private ownership and freedom of agreements are the foundation of the system of society in the Polish Republic.
2. Anyone can freely engage in business activity in any legally permissible form and in any domain.
3. The principal form of business activity is the private enterprise and the farm. The laws should assure equality of treatment regardless of the form of ownership.

4. The basis for the operation of the market economy is rule of law and respect for law. The government should assure stable rules of business life.

5. Growth is predicated on integration with the world market, and competitiveness on that market is predicated on an economy's openness.

6. Market relations are based on competition. The government should protect competition irrespective of the form of ownership.

7. Employers and employees both have the same right to articulate their economic aspirations. Relations between employers and employees should be regulated chiefly by means of mutual agreements.

8. The government should define and safeguard a social welfare minimum. An active struggle against unemployment should be a major priority of the government.

9. Taxes are the principal source of income for the government. Evasion of tax obligations must be prosecuted with utmost severity.

10. Monetary and fiscal policy should create the conditions for economic growth and a balanced budget.

11. The interests of consumers should be legally protected.

12. The environment and natural sources should be protected; the environment passed on to future generations should be in better condition than it is at present.

Explanations and Specific Recommendations

Ownership

(a) The state acknowledges, guarantees, and protects private ownership.

(b) All forms of ownership—private, state, municipal, cooperative—should receive equal treatment under law. The changes in regulations needed to assure such equal treatment should take place as soon as possible.

(c) Expropriation may take place only owing to important considerations of public weal. The legal basis for expropriation should be unambiguous. The state is obliged to pay compensation in an amount corresponding to at least the market value of the expropriated property as appraised independently of the expropriating institution by means of the standard methods of appraisal.

Freedom of Business Activity

(a) The freedom to engage in business activity may be curtailed by the state solely by means of a law intended to protect health and civil rights, to safeguard national security, or to implement international obligations.

(b) The preferred form of granting permits for engaging in business activity should be public bidding.

The Enterprise

(a) The enterprise is the basis of national welfare and of the welfare of the employer and the employee.

(b) The employer, within the bounds of law, should have the freedom to make business decisions at his own risk; the owner has the sovereign right to manage the enterprise as he sees fit. Restrictions on that freedom can be established only by virtue of law.

(c) The operations of the enterprise are subject to the judgment of the market alone. Honesty and punctuality in settling accounts with the State Treasury, the creation of new jobs, and ecological harmlessness should be the principal criteria for evaluating the enterprise by the state.

(d) It is not the purpose of the state to commit itself as an entrepreneur in domains other than those of special importance to the security and functioning of the country or those warranted by important social considerations. Any other state enterprises should be rapidly privatized.

(e) State enterprises should be transferred to the custody of the Administration of State Treasury Assets.

(f) The entrepreneur should be motivated by a system of tax and customs breaks to invest in and create new jobs. The machinery, equipment, and raw materials not made in Poland should be exempted from customs duties and border taxes.

(g) The growth of private enterprise shall significantly affect the level of prosperity and the time span of the transformations. The state should create the conditions conducive to preparing its citizens for independent initiation of business activity.

Openness and Competitiveness

(a) The required minimum for the convertibility of the zloty is convertibility in terms of current transactions. It should attain the rank of a legal guarantee.

(b) Poland should actively strive to create an integrated free-trade zone comprising at least the countries of the European Economic Area and CEFTA [Central European Free Trade Association]. To that end, a guiding principle should be to provide foreign companies with access to the Polish market on terms similar to that of the access provided by foreign markets to Polish companies.

(c) The state should assure equal treatment of domestic and foreign companies.

(d) The state may define the maximum participation of foreign capital in certain economic projects and domains.

(e) The fundamental legal, systemic, and institutional solutions should be adapted to the standards followed in the European Communities.

(f) The development of education and science is of fundamental importance to economic competitiveness. That should be reflected in the expenditures of the state, the tax system, and the activities of entrepreneurs.

Competition

(a) Monopoly conflicts with the principles of a competitive market economy. Monopolies may be established solely by the state by virtue of law and in strictly specified cases.

(b) Prices should be determined by market competition. Agreements between or among companies on the market with the object of a conspiracy or creating a cartel should be combated by the Antimonopoly Office.

(c) The state should combat with utmost severity dishonest competition, especially criminal activities.

(d) The state should facilitate access to information essential to business activity.

Stability

(a) It is necessary to assure the stability of the principal regulations governing taxes, customs duties, and the freedom of business activity, as well as the stability of commercial and company law until at least the year 2000. Changes in those regulations should conform to the regulations of the European Communities. The period of transition until those changes are effective should be at least 12 months, and six months in exceptional cases.

(b) Regulations governing economic activity should not be retroactive, and they should be preceded by a *vacatio legis* [adjustment period] of at least three months.

Partnership

(a) Strategic economic decisions concerning the principal domains of national life should be negotiated and taken through a consensus among the government, employers, and employees. The government should attend to achieving that consensus, with itself as a participant, between authorized representatives of entrepreneurs and employees. Such representatives are, for entrepreneurs, organizations of employers and farmers, and, for employees, trade unions. The existing organizations should attend to forming joint representations.

(b) Relations between employers and employees should be based on reaching an agreement through negotiations with, if necessary, the mediating participation of the state. Explicit procedural rules to be followed by both sides in cases of collective disputes, so as to preclude force and violence, should be defined.

(c) Agreements between employers and employees may not restrict the rights applicable to working conditions and wages (hours of work, wage principles, working

conditions), the procedure for concluding collective labor agreements, the rights and duties of trade unions, and the right to strike.

(d) The agreements should define the obligations of employers regarding occupational safety and work protection, cooperation in retraining in the event that jobs have to be changed, and participation in nonmandatory insurance.

(e) The state should promote the rise of business organizations, societies, and chambers established for the purposes of self-governance and joint articulation of interests.

Social Security

(a) The state protects its weakest citizens pursuant to social welfare laws.

(b) A legally guaranteed hourly minimum wage should be introduced.

(c) The state should strive to minimize the disparities in the level of economic growth in different regions of the country.

(d) Areas with structural unemployment should be given the status of special economic zones, in which particular tax and institutional solutions would apply. Areas especially threatened by unemployment should benefit from government assistance, including [tax] relief and preferences for enterprises creating new jobs. The stimulation of local labor markets should be an object of combined efforts by the government, entrepreneurs, and employees.

(e) A reform of the social insurance system should be initiated with the object of making it independent of the actual state of public finance and affording the possibility of free choice of the form and scope of insurance.

Taxes

(a) The scale of taxation should promote the growth of wealth and private enterprise.

(b) The state is responsible for an effective execution of taxes; its improvement is an urgent task of the government. Employer organizations should take steps to promote honesty in fulfilling tax obligations.

(c) The state should guarantee the stability of the basic elements of the tax system until at least the year 2000, in particular:

—Maximum levels and kinds of taxes.

—Equal taxation of all kinds of income from investments.

—No double taxation of incomes.

—Tax preferences for the part of profits that is saved and allocated for investment.

(d) The tax system should be reformed so as to divide the revenues (in particular from the income tax) into three parts: local, regional, and central.

Money and Public Finance

(a) The autonomy of the National Bank of Poland (NBP) is a foundation of economic order. The principal purpose of the NBP is to assure the stability of the zloty. Other activities of the bank should be subordinated to that goal and, in the event of a conflict of interest, take second place to it.

(b) In view of its possible inflationary effects, public finance should be the subject of particularly careful decisions and balanced as soon as possible. Any laws altering the state's receipts and expenditures should be passed by the budget-law procedure.

(c) In the expenditures of the state, a substantial part of receipts from privatization should be earmarked for restructuring purposes and to promote economic growth.

Protection of Consumers

(a) The obligations of the state include protecting consumers against hazards to their health and lives. The state should exercise special control over food, medicines, potable water, and air.

(b) The state should expand the policy of protecting consumers as based on lucid and stable regulations, including a consumer protection law that should call into life a special office operating outside the structure of the subsector ministries.

(c) The state should support the activities of consumer organizations.

*** Views of Party Leaders on 'Agreement of the Six'***93BA1161A Bucharest AZI in Romanian 19 Jun 93 p 3*

[Article by Oana Cioboata, Andrei Costa, George Stoica, Constantin Mesenchi, and Adela Dinica: "Politicians Comment on the Opposition's Lightning Move"]

[Text]

Protocol

Today, 17 June 1993, the organizations signing the present protocol, positioned at the center of the political spectrum and together forming the largest parliamentary force, have reached an agreement intended to lead to a governing pact capable of extricating the country from the serious crisis with which it is faced on all fronts.

Signed: Corneliu Coposu, PNTCD [National Peasant Christian Democratic Party]; Sergiu Cunesu, PSDR [Romanian Social Democratic Party]; Nicolae Manolescu, PAC [Civic Alliance Party]; Bela Marko, UDMR [Democratic Union of Hungarians in Romania]; Dinu Patriciu, PL [Liberal Party]; Petre Roman, PD (FSN) [Democratic Party [National Salvation Front]].

Regarding the signatures, the order of the signatures on the "Agreement of the Six" has no political significance. Corneliu Coposu is first not because the other five parties might appear to be trailing PNTCD; nor is Petre Roman last as a result of false modesty or a weakness of the party that he leads with respect to the other five. The justification is the alphabetic order of the family names of the signers—perhaps the most democratic justification in the world. (As we know, the Hungarian language custom is for signatures to use the family name first, followed by the first name, which explains the presence of Marko after Manolescu and before Patriciu).

Sergiu Cunesu (PSDR): The Prime Minister Must Belong to the Opposition

"The time will come when we will have to embrace or collaborate in a government that will carry Romania out of its crisis. We do not yet have a concrete program, but it will naturally grow out of the principles of the Democratic Convention and other opposition parties. We do not have great plans for ministerial appointments, but we do have people prepared for all functions. Collaboration with President Iliescu would of course be required, and in that case, I would place some very strict conditions: first of all, he would have to assume responsibility for certain past actions; and secondly, the prime minister would have to belong to the opposition. The other matters would be negotiable, but the crucial point would of course continue to be the reform. In any case, the opposition parties all agree on a collaboration to bring the country out of the situation in which it finds itself."

Cornel Nica (PSDR): We Believe That This Measure Is Not Required at This Time

"The opposition was invited to participate in the formation of a national unity government in the fall of 1992. That is when we believe it would have been appropriate to accept it. With respect to the opposition's recent agreement to form another government, we believe that this measure is not required at this time. The existence of a string of strike actions and intentions to intensify them worries us."

Adrian Severin, Spokesman of the Political Pact of the Opposition: Toward a New Parliamentary Majority

"There are two very important things in this protocol. The first is the statement that the opposition parties constitute a unit that represents the largest political force.

"We consider that the opposition forces are now indeed the most powerful, representing the largest concentration of democratic parties. The majority coalition also includes extremist, and thus nondemocratic parties. This is why we do not feel that this is the most significantly democratic parliamentary force.

"The second important element brought out by the protocol is the fact that this parliamentary force represented by the opposition, which adds up to nearly one-half of the total parliamentary seats, intends to collaborate to form an alternative to the government; in other words, the restructuring of the parliamentary majority that was discussed in Romanian political circles, cannot be achieved by fragmenting the opposition.

"The protocol excludes the possibility of extracting from the opposition only a few parties, which would replace the extremist parties within the current government coalition, parties that FDSN (Democratic National Salvation Front) would like to be rid of in order to change the country's image."

Dinu Patriciu (PL): The Legitimacy of the FDSN Government No Longer Exists, by Constantin Mesenchi

"Not only is this action viable, but it is also the first gesture to be considered as politically logical after the motion to censure. The result was thus an understanding among all the parties that constituted the present opposition, both those within the Convention as well as the Democratic Party, so as to form a force whose parliamentary weight would give it the right to form a government. The legitimacy of the FDSN government no longer exists at this time. One cannot compare 34 percent with 46 percent. It therefore opens the way for a new government, since the present executive branch is dead before its time as a result of the obviously bankrupt policy that it has conducted. This truth no longer needs to be demonstrated for anyone. A reform must be restarted, and the only reform forces in Parliament are those who are now in the opposition. If people or organizations in the present parliamentary majority were to join us, that

much the better. We are ready to govern even with a minority government. If it cannot survive in a hostile Parliament, the anticipated elections will follow. It is the only practical solution in any democratic country. There are many arguments for the step we have taken. The truly democratic political spectrum is in the opposition: the social democrats, the Christian democrats, and the liberals. The future political configuration of this country will be based on these three currents. Those who want to enroll in the democratic spectrum must come along with us. The others will sooner or later be rejected by history. No matter what, any sort of collaboration with the conservative forces of FDSN is out of the question. The signal this agreement gives is also that not one of our organizations will negotiate separately with FDSN."

Virgil Lambru (PNTCD): The Parliamentary Voting Machine Will Grind It All Up, by George Stoica

"The latest communication from the Democratic Convention is a blunder, a politically naive action. We believe that this six-party alliance, all of them from the Democratic Convention, announcing its desire to govern and to eventually collaborate in order to assure that the country will overcome its current crisis, is a political error. Why? Because even if we accept the absurd assumption that it could be formed, such a governmental organization will be ephemeral since without a Parliament that can assure the effectiveness of its legislative proposals, it will be doomed by the voting machine currently existing in the Parliament."

Corneliu Vadim Tudor (PRM): This Is Not a Protocol, It Is a Profiterole, by Adela Dinica

"That's a bad pun. In October and November 1992, Ion Iliescu proposed a governing coalition, which was refused by the opposition. The opposition probably wanted all the power. Secondly, I do not find it normal for Petre Roman to ask for another participation in government after he led the country as he did for two years. Thirdly, this protocol, which I take the liberty of calling a 'profiterole'—that is, a *mixtum compositum* based on the desire for profit, claims that the signing organizations are located at the center of the political spectrum. None of them are in the center: PNTCD, PAC, and PL-AT are right-wing parties declaring themselves as such, and PSDR is traditionally a left-wing party. PD (FSN) has undergone a spectacular 180 degrees change, since it started with a left-wing program, has now reached the center, and at the heart of the matter is flirting with the right."

As for Manolescu's statement that the opposition will join a coalition government only if the extremist parties (specifically naming the PRM) will not participate, Vadim Tudor stated: "The moment Manolescu brings me a single proof that PRM is an extremist party, I will resign from all political functions. To his great disappointment, Manolescu does not own the terms of the Romanian language."

What Does the Opposition Gain?

There are two aspects to the benefits. The "moral" dimension, in the sense that parties that could not agree on even one common presidential candidate during the electoral campaign, now have the strength to abandon group vanity and seek a common goal: governing. And governing, which is the second dimension of the action.

It is not only the exercise of leadership that wears one down, but also the condition of constant expectation. The psychological complex of the secondary role has until now ground down the opposition, producing fissions, splinters, branches. The action to reach power through a change in parliamentary majority can also be a proof of vitality, as well as a need to materially satisfy the political patrons who have supported the opposition for three years without reaping any benefits.

What Does the FDSN Lose?

Everything. It is clear that the kitchen ideology of the Three Roses will collapse at the first major earthquake. All the opportunistic creatures that have settled down among the letters in "Ion Iliescu" in order to obtain some position or other, will disappear. But the victory will also transform itself into a savage decantation. It will bring into the forefront the reforming wing, which has also been invoked by the opposition, placing Adrian Nastase in a favorable position.

It is interesting to know who will take over from the "heavyweights": Vacaru, Solcanu, and Ionel Roman. Probably because of the slope and the high walls, the impact will be lesser in Cotroceni. Well protected, they will probably be parachuted from there into warmer climates, that is, where it feels good even in winter.

What Do the Voters Lose and Win?

As it is, they don't have much to lose. The sudden braking of the Vacaroiu government has induced car sickness in the man in the street, who is slowly but surely shifting and focusing his attention on a single problem: survival. This is not an expression of pathos, but a clear reality.

The awakening from this torpor can be the only real gain. Except that it does not simply happen at the sound of the bugle; the eventual opposition government will have to truly promote a free market and support it. It will be a sign of gratitude, because it was the opposition that defeated the Vacaroiu government.

*** Union Officials Comment on CNSLR-Fratia Merger**

93BA1119B Bucharest *TINERETUL LIBER* in
Romanian 28 May 93 p 5

[Interview with Pavel Todoran, Sorin Stan, and Stefan Siromascenko, union presidents, by Liana Buligan; place

and date not given: "Three Vice Presidents of the New CNSLR-Fratia Confederation Comment Exclusively for TINERETUL LIBER"]

[Text] [Buligan] Sorin Stan: President of the Sanitas Federation (89,000 members). Born 26 June 1956. Married, father of an eight-year-old. He worked until 1990 as intensive care assistant at Bucharest Municipal Hospital. He organized the Sanitas Trade Union Federation and has also been vice president of the Fratia Trade Union Confederation since September 1991.

[Stan] I am militating for trade union pluralism, but not for atomization!

I am happy we have reached an intertrade union merger and I can state that whereas the establishment of the CNC [National Consultative Council] was the "engagement," we are now preparing for the "wedding." In the more than three years of democratic trade unionism we have gone from pocket-sized trade union organizations to coherently organized confederations which truly can represent a redoubtable partner for the government. Joint actions have imposed the merger, not the pride of some of us. The fact that Alfa Cartel is not with us is explained by the ideological differences among us, expressed by different international affiliations. The old proverb of "divide and conquer" has also operated in our trade unionism and even during the most recent negotiations with the government Prime Minister N. Vacaroiu answered our complaints by stating that "the opinion of the other trade union confederations also must be consulted." The 12 June merger will dispel doubts about how representative we are once and for all. I support trade union pluralism and oppose the idea of a single trade union confederation, of republication of the General Union of Romanian Trade Unions but, as in any democratic state, we, too, must arrive at two or three big representative trade union organs with a very clear ideology. We will take a computerized census in order to break the mystery of representativeness and shed light on the real number of trade union members affiliated with one confederation or another.

[Buligan] Stefan Siromascenko: President of the Commercial Railway Movement Federation of the SNCFR [Board of Administration of the Railway Public Corporation] (13,000 members). Born 4 February 1939. Worked as a dispatcher for the Constanta Regional Railroad. Married, with two children.

[Siromascenko] The government is using the price game in order to justify its budget deficits!

At the beginning our affiliation with the Fratia Confederation was due to the wish to limit trade union dispersal from the SNCFR, a fact already well known. Our actions were always being presented falsely as being merely a fight for higher and higher salaries. The truth is that we were the first to request that the SNCFR administration present its reasons for the successive increases in taxes which were completely unjustifiable. We never got an answer but care was taken that public opinion see us as

the main guilty parties. The truth is that these tax increases are being taken with the direct agreement of the government and are unjustified, except by its need to cover its budget deficits on the common man's back, thus impoverishing the nation. The basis for justifying the last increase also has a false explanation: that it is due to removal of subsidies for electric power, but we all know that electric power in the industrial sector has not been subsidized since last fall. Returning to the need for unity of the trade union movement, I think it is the only solution for the trade unions to be the real and effective defenders of the salaried workers. For that reason, the trade union merger seems to be a victory. I hope, and I have certain data which permit me to state this, that all the CFR [Railway Workers] trade unions are waiting for this merger in order for them to adhere to the new confederation, also because they need solidarity.

[Buligan] Pavel Todoran: President of the Univers Confederation (200,000 members). Born 29 June 1954. Electrical energy engineer. Dispatcher for the Iernut Thermal Power Central until 1990, when he was elected trade union leader, not having been politically compromised. He lives in Tirgu Mures. Married and father of two children.

[Todoran] I have become a trade union leader because I am a fighter! With regard to the merger of the three confederations and a federation which was part of the Alta Cartel, I must recognize that several months' worth of discussions are at the basis of this. Our coming together was carried out by a statement in support of the revendicative movements of Fratia and CNSLR [National Council of Free Romanian Trade Unions] of 12 April and continuing through our participation in the 5 May general strike and the negotiations finalized by the protocol signed with the government in May. Our meeting was consolidated through the community of our trade union interests. The Univers Confederation will enjoy a more powerful administrative, organizational and coherent apparatus, thus supporting interests in the conditions of safety and growing success. Trade union fractionalization means a lack of force, of operativeness and primarily we wanted to eliminate this. The social problems confronting us are much too serious to allow us useless pride and sterile games. We have common goals so it is natural to have common structures.

* Recycling Commission Chief on Use of Waste Materials

93BA1132A Bucharest ADEVARUL in Romanian
3 Jun 93 p 5

[Unattributed interview with Mihaela Dorobantu, chairman and director general of the National Commission for the Recycling of Materials; place and date not given: "A Gold Mine at Your Disposal"]

[Text] [ADEVARUL] Now, along with the increase in the value of the dollar and, implicitly, the costs of imported raw materials, as well as the dramatic increase

in the price for energy, fuels, and transportation, do you feel that reusable materials can offer economizing solutions?

[Dorobantu] Categorically, yes! Right now for the metallurgical, paper, glass, and other industries the most inexpensive materials are precisely reusable ones. Additionally, these materials are available in-country and can be purchased with lei. With regards to the energy consumption levels involved in the use of these materials in industry, they are 10 to 15 times lower than in the case of new raw materials.

[ADEVARUL] Nonetheless, units subordinate to the National Commission for the Recycling of Materials have huge quantities of these reusable resources in stock.

[Dorobantu] Paradoxically, some factories are going out of business without first thinking that using scrap materials would help them to survive. This is the case, for example, of the paper factory in Zarnesti. But, even the combines that continue to operate have reduced their demand for scrap and previously accepted amounts have not been used up. For example, for deliveries for the first quarter of this year, we still have to collect from the paper industry more than from metallurgy, one of the large consumers of scrap iron.

[ADEVARUL] Does this mean, therefore, that the centers that collect waste materials from the public are frequently closed since the paper industry does not show interest in this resource?

[Dorobantu] It only partially explains the cutback of certain collection activities of our units throughout the country because of this industry's lack of demand for recyclable waste materials. One important reason, in this regard, is the financial bottleneck. Perhaps it seems incredible but, currently, the balance of the invoices sent out by the Remat recovery companies, which are coordinated by our commission and not yet paid, totals 3.8 billion lei. Under these bottleneck conditions, the overdue payments of the Remat companies themselves represent 1.7 billion lei. And, one of the results of this is that we frequently lack the liquid funds with which we can pay the people who come to turn in scrap materials at the collection points and other collection centers.

[ADEVARUL] Nonetheless, isn't it true that Romanian industry is turning its back to recycled resources?

[Dorobantu] There are some economic factors, and I would say even some awareness of such materials. Especially plastics. However, the preference is for scrap from...imports. For example, not long ago, we were asked for approval to import many thousands of tons of scrap plastic, when in fact we have stocks on the order of thousands of tons. Do not worry, however. Our commission did not give its approval and will not give such approvals under any circumstances. We know that some of the scrap materials the Mafia is trying to get rid of contain some of the most toxic waste materials from the

developed industrialized countries, and they could be introduced into our country's scrap plastic storage piles.

[ADEVARUL] Even under circumstances, let us say, where our industry should suddenly become interested in spending money on recyclable resources, for example, scrap glass, do you think that the public will be stimulated to turn it in to the collection centers at a time when the current price for this type of material is 1.30 to 2 lei per kilogram?

[Dorobantu] Naturally, it is less likely that people would go to great pains to travel to a recovery center with such materials to get paid one leu for a bottle they purchased new for 40 lei. Our recovery enterprises cannot, however, offer to pay the public anything but prices which are correlated with those paid by the scrap users on the basis of negotiations. And, this sector of business, that is, the glass factories that use scrap glass, are discouraging collection activities because of the prices being offered. This inevitably leads to the waste of an important resource and to considerable increases in the costs of production for new glass, since energy consumption for glass production formulas that do not use scrap glass is much higher.

[ADEVARUL] Right now, the public is not involved in turning in household scrap glass and other cheap reusable materials. But, in the case of old car batteries, is the citizen perhaps more stimulated to turn them in because of certain more tempting prices which you have negotiated with those industries potentially involved in recovering the precious lead residue contained in these batteries?

[Dorobantu] Currently, the Remat units throughout the country have in stock over 7,000 tons of used batteries. It is not difficult to deduce from this just how interested industry is in recoverable lead. Although they complain about the shortage of this metal, the truth is they are talking about brand-new lead, preferably imported lead.

[ADEVARUL] What amount of lead is sitting around unused in batteries that have already been collected?

[Dorobantu] About 4,000 tons. It should be remembered that the amount of energy needed to produce lead from new raw materials is more than ten times greater than from recycled materials.

[ADEVARUL] Is the collection of other categories of materials also threatened with paralysis?

[Dorobantu] Fortunately, I can state that this year, from month to month, the rate of collection for important categories of materials has clearly improved. For scrap iron, in January, we collected 49,000 tons, in February, 60,000 tons, in March, 70,000 tons, and in April, 83,000 tons. There is, therefore, a clear trend of improvement or, at least, one of stabilization. This is also valid for nonferrous metals, plastics, and other materials, where increases in the first quarter of this year were from two to three percent compared to the same quarter in 1992.

[ADEVARUL] The explanation?

[Dorobantu] It should be recognized that recovery activities are an accurate barometer of industrial production. Is industry itself to some degree recovering? This phenomenon is also directly reflected in recovery activities. And, if we were not experiencing financial blockage, which greatly reduces our ability to operate, the amounts recovered would be much greater. In any case, however, I believe conditions exist to supply the full amount of scrap iron required for the production of the 6.5 million tons of steel planned this year by the metallurgical industry. Naturally, private capital companies will also contribute to these recovery activities.

[ADEVARUL] Do you not, therefore, see the private sector as a rival, one that is "guilty" of diminishing the resources moving through those enterprises that are funded by the state?

[Dorobantu] The main function of our commission is the supply of reusable materials needed by consumers in metallurgy, the machine-building industry, the cellulose and paper industry, the glass industry, and the chemical industry. Naturally, first of all, we do this by working through the Remat companies that we coordinate.

On the other hand, however, we want to introduce an efficient system of communicating with private sector recovery companies. Thus, we do this to the extent that we can promote a unified policy in this field that will also permit these private companies to take part in the solution of priority problems in the economy: supply the metallurgical industry with scrap iron, and so forth.

[ADEVARUL] Can you provide an example of good faith or goodwill regarding these private capital enterprises?

[Dorobantu] For example, we want to encourage private capital companies to invest in those technologies and equipment that can put recyclable resources to good use. This way we do not remain simple collectors. For that reason, toward the end of this June we will organize a meeting to which we will invite private capital companies as well as representatives of research institutes that deal with putting reusable resources to use. These representatives will speak in favor of certain investments in the recycling industry, an industry that is making a lot of progress worldwide.

[ADEVARUL] Are you also somehow providing funding to find and implement certain Romanian solutions for the better use of scrap materials?

[Dorobantu] Actually, our commission, for example, is financing two important research efforts in the field of recycling plastics and rubber, efforts that will soon result in the building of certain prototype stations. Until these stations begin operating, we are counting on you, the media, to publicize other already thoroughly verified solutions that Romanian research can make available immediately to any entrepreneur eager to make profitable investments. Unfortunately, in Romania we have not yet understood that the recycling industry represents a good business opportunity. In the richest countries in the world, this is well understood. Why not also in Romania, especially now when the high costs of new raw materials and energy are having a paralyzing influence? Therefore, I think that now more ever we Romanians should become aware that a true gold mine, the mine of reusable materials, is at our disposal and at the disposal of all those entrepreneurs who are determined to move beyond the economic recession.

*** Drop in Agricultural Productivity Reported**

93CH0757A Bratislava HOSPODARSKE NOVINY in
Slovak 4 Jun 93 p 10

[Article by Jana Sestrienkova of the Economic Policy Department of the SR Government Office: "Overall Drop in Productivity and Efficiency"]

[Text] The present course of the economic reform brought a whole array of problems that are making the adaptation of agriculture to the new conditions more difficult. The starting positions of our agriculture have changed. First, the volume and the structure of consumer demand for food have changed. In the past, we were admittedly a population given to overeating. In a certain sense, that tendency is now being corrected, and people are gaining a new scale of values and preferences under the new conditions, to the benefit of industrial products and the detriment of food products.

There is a movement in the structure of demand for food as well; for now, it appears, toward more baked goods, pasta, and so forth. The producers may interpret those trends in various ways, but, in any case, they must be kept under review and considered when determining the strategy for the future direction of our agriculture.

The supply and its factors are also changing. A comparatively large exodus of workers from agriculture is under way. (In 1990 there were 341,000 workers employed in primary agricultural production, 265,000 in 1991, and only 218,000 in 1992.) That is obviously reinforcing the unhealthy tendencies from the past—orientation toward the production of basic agricultural produce at the cost of diversification.

Agriculture, which was expected to become the reservoir of new job opportunities, is, instead, becoming a supplier of the unemployed.

Apart from the two mentioned factors in the changing conditions, there are many others, such as privatization, competition from foreign trade, and so forth. The total impact of the changed conditions is reflected in the decline of production and the worsening of the financial and economic situation.

The "Report on the Current State of Agriculture and the Proposed Measures for the Future Course of Action," debated by the SR Government in April 1993, contains a number of numerical data that document that change.

According to preliminary results, gross agricultural production amounted to 39.2 billion Kcs [Czech korunas]—that is, 12 percent less than in 1991 and 25 percent less than in 1989. There was a continued decline in the number of beef cattle (by 13.9 percent in comparison to 1 January 1992), pigs (6 percent), and sheep (12.2 percent). The milk yield in 1992 reached 2,861 liters per head—that is, 683 liters (19 percent) less than in 1990. Similarly, the yield from pigs is low, inasmuch as, with the same number of sows, the number of weaned young

pigs is lower in contrast to the previous year by 8.6 percent and the average daily weight gain by 3.7 percent.

In plant production, there was a drop in the intensity of production of every kind of crop, caused primarily by the unusually dry weather, but beginning to be evident here are also the consequences of the two years of irrational cuts in the use of fertilizers and agrochemicals, in particular. The difficulty agricultural producers have in obtaining feed mixtures because of the high prices is beginning to be a serious problem.

The 7-percent jump in consumer prices for food and the overall decline in people's purchasing power influenced the supply of basic food commodities to the market. In contrast to 1991, supplies of milk to consumers dropped by 10.6 percent, sugar by 14 percent, and cut meat by 13 percent. Supplies of wheat flour rose by 14 percent.

As a result of the declining supply, the export of surpluses, realized mainly through the Market Regulation Fund, declined in comparison to the previous year, for example:

	Unit of Measure	1992	1993
Live beef cattle	1,000 tons live cattle	41.2	82.3
Meat and meat products	1,000 tons	5.2	13.3
Butter	1,000 tons	3.6	8.9

The share of food in total exports is 11.6 percent, and, with a favorable balance of Kcs2.9 billion, it contributed to the reduction of the state's trade deficit.

The cost of credit for agriculture increased, and subsidies declined to about one half. The result is a loss of almost 15.5 billion Slovak korunas in 1992 and a high indebtedness to the state budget, financial institutions, and suppliers. We are therefore looking at an overall decline of productivity and efficiency of Slovak agriculture.

The chronic lack of money and difficulty of obtaining bank credit have seriously endangered this year's crop and livestock production. In response to this new situation, slowly, but, we hope surely, there is developing a new approach to agriculture on the part of the government and of the people of the Slovak Republic, as well.

Agriculture is becoming the acid test of how the Slovak Government will succeed in helping to deal with the new problems in the entire national economy.

There is the problem of privatization in agriculture. Generally it can be said that it is proceeding at the same pace as in the economy as a whole—relatively slowly.

On 31 December 1992, there were 927 farmer cooperatives active in Slovakia, with an average acreage of 1,942 hectares of agricultural land, and 109 state-owned farms, with an average of 3,552 hectares of agricultural land. In

the same period, there were 5,433 private farmers, with an average acreage of 5.9 hectares of agricultural land.

The current process of privatization and transformation shows that general measures do not fully respond to the specific conditions of agriculture (highly fragmented land ownership, problems with identifying ownership, and so forth). That needs to be resolved by legislation.

The principles have been worked out for the process of privatizing state agricultural enterprises and the role of the Slovak Land Fund in the process of their privatization, which the government approved. The rules and regulations for the further process of privatization were simplified, which will accord greater possibilities for the privatization of property by domestic entities and make the privatization of property affected by restitution claims easier. It will be possible to use installment payments in privatization, and emphasis will be placed on the competitive principle of privatization by using public competitions.

Placed in the first wave of the coupon privatization in the agricultural-food complex [APK] were altogether 269 state enterprises transformed into 122 corporations within the framework of the coupon privatization, and 28 corporations whose total number of shares are in the National Property Fund and that will be dealt with in the second wave of coupon privatization.

Entered into the second wave of APK privatization were 189 enterprises, of which 18 are enterprises of the food industry, 23 are biological-services enterprises, 22 technical-services enterprises, and 119 state properties.

The transformation process in the agricultural cooperatives was carried out according to the law, but, in most of the transformed cooperatives, an internal economic change and the commercialization of production did not take place.

Irrespective of whether large-scale or small-scale production will be prevalent here, the cooperative or the private sector, it will be necessary to decide what dimension we shall give to the market in our agriculture.

In view of the fact that agriculture has influence not only on employment but also on the population and the settling of a state's territory, on security, and the roots of a nation's existence, it will have to be given special status in the application of market mechanisms. That is the way it also is in the most advanced and economically strongest countries.

Therefore, it is important to evaluate the state of our agriculture as it entered our liberalized market environment and what further developments can be expected.

In the agricultural and food sector, economic reform began practically on 9 July 1990 with the cancellation of food subsidies to the extent of approximately Kcs11 billion. Together with the reduction of grants by Kcs10.4 billion, it meant that consumer prices increased by more than 60 percent, with a consequent radical drop in demand. Agriculture was thus already at a disadvantage in comparison with the other branches of the national economy at the start of the liberalization process. At the same time, this also gave

impetus to the disparate development of the prices of inputs, which increased by an index of about 187, while the purchase prices of agricultural production, depressed by the barrier of demand on the market, increased only to 111. Altogether, especially with the restrictive subsidy policy, it led to an across-the-board unprofitability of agricultural production and high indebtedness. Maintaining the unprofitable prices creates a danger of further decline in primary agricultural production.

To consolidate our agriculture, the government must step in, sometimes on a permanent basis. First of all, an extension of protective measures should be considered, as well as the lowering of the consumer tax rate on diesel oil for technological use in agricultural production.

Because agriculture is in an unusual situation, the state, for its part, should mobilize the resources of the credit and subsidy policy to help.

For that reason, councils composed of bank representatives, the Slovak Agricultural and Commodity Chamber, ministries, and so forth are now being created, which are to determine the granting of credit according to enterprise groups and coordinate the policy of extending credit in the regions.

Another measure under consideration is to exempt entrepreneurial entities in primary agricultural production from real estate tax for a longer period (for example, five years).

The biggest item in the subsidies to the agricultural-food complex last year were resources for the support of structural changes in agricultural production under noncompetitive production conditions, followed by financial resources for maintaining balance on the agricultural market, the support of privatization and private enterprises, the ecology, organized grain purchases, credit guarantees, and so forth.

Altogether, the level of subsidies for Slovak agriculture is only about one-third of the average level in Western countries.

It is obvious that it is necessary to approve as soon as possible the "Concept of Government Agricultural and Food Policy," as well as improve legislation concerning land, and adopt other measures to support the market in agriculture. In that respect, a number of steps have already been taken, and others are waiting to be implemented.

The draft of the concept and principles of agricultural and food policy was already the subject of discussions by representatives of the SR Government, headed by Prime Minister Meciar, with representatives of the Slovak Agriculture and Commodities Chamber, banks, and other financial institutions in Trencianske Teplice.

It is expected that, in the coming days, the SR Government will debate the awaited concept, which will become the basis for many important measures in our agriculture.

Federal

State, Army Commission Silent on Crimes

93BA1248B Belgrade POLITIKA in Serbo-Croatian
3 Jul 93 p 11

[Article by Radovan Pavlovic: "After 'Panic and Son' Affair and Tragedies in Military Barracks: Why State and Military Commissions Are Silent"]

[Text] *More than a month has passed since the formation of the commission to investigate and clear up the "Centaur" affair, but also the crimes in the military barracks, but no results whatsoever have been disclosed; was the crowning evidence in the "Panic and Son" case destroyed? Military sources say that the murderer of the soldiers in Vranje belonged to the sect "Satan's Followers."*

Over the past month and a half, three commissions have been formed to clear up certain affairs in the Yugoslav military, but also to investigate the circumstances under which tragedies have occurred in its barracks. To this day, however, not one of them has made public any of the results of their work.

To recall: Back on 19 May, after a number of serious charges were leveled against Lt. Gen. Zivota Panic, the chief of the General Staff of the VJ [Armed Forces of Yugoslavia], the Supreme Defense Council [VSO] formed a state commission whose declared task was to verify, with the appropriate experts, the credibility of the public criticism directed at the top officer in the Yugoslav army.

The three-member commission (comprising Defense Minister Pavle Bulatovic, Aleksandar Radovic, the head of the Administration for Arms Research, Development, and Production, and Djuradj Novakovic, the director of the Republican Revenue Administration) warned at the very beginning that while it was working it would not provide any information whatsoever, a rule that it has in fact heeded. Judging from the announcements coming from the offices of the defense minister and of the president of Yugoslavia, the commission has long since completed its "investigation" and has forwarded its findings to the office of the president of the Yugoslav state, Zoran Lilic.

Various Interpretations of "Panic and Son" Case

For days now, a meeting between the three presidents, Lilic, Slobodan Milosevic, and Momir Bulatovic, has been anticipated in order to announce, as members of the Supreme Defense Council, the results of the state commission's work. Perhaps it is understandable that the VSO has not yet considered the case, which is known to the public as "Panic and Son"; since the moment when the affair emerged and the commission began to gather facts, three shakeups have occurred at the helm of the federal state.

In recent days, it has been impossible to learn, either from military or state offices, what the commission managed to learn in connection with the business dealings of "Centaur," Goran Panic's company, and the role of his father, Gen. Panic. Indeed, according to the interpretation of military sources, there should not be any philosophizing surrounding this entire case. It is expected that the VSO, based on the work of the special state commission, will announce whether Gen. Panic is guilty or whether he was wrongly accused of making it possible for his son to earn an enormous profit through working with the Armed Forces.

Naturally, those who express the suspicion that the delays in clearing up the "Centaur" affair mean that there are major intrigues at work are betting on some sort of provisional resolution. They are convinced that Gen. Panic has provided well for his son in the military ranks, but that for the sake of peace at home only his moral responsibility will be established, after which the Armed Forces' top man will retire.

After all, in November the chief of the General Staff will satisfy the conditions for hanging up his uniform, together with several other responsible generals from the military top brass whose active military service expires by the end of the year. We have learned from reliable sources that the retirement of this group of generals was also discussed at the now-historic meeting at the villa in Dobanovci on 27 May.

Public Expects Truth

There are also other interpretations of the epilogue to the "Panic and Son" affair. Well-informed sources contend that the state commission was powerless to do anything. Quite simply, after the questioning of Vojislav Seselj, the elder and younger Panic, and others who had any sort of contact with "Centaur" and its products (potatoes, honey, and various toiletry and chemical products), the state commission could not find anything illegal, and Gen. Panic was completely clean. It is even alleged that the commission was unable to get at tangible facts, because in the meantime someone had gone to the trouble of eliminating compromising evidence. Or to be more precise, immediately after the commission was formed, it is said, all documents and contracts on "Centaur" business dealings with military institutions and units were destroyed in the First Army, where Goran Panic had his market.

The other two commissions clearly have a more difficult task—to investigate how and why the tragedies occurred at the barracks in Vranje and Sapac in early June. Soldier Jozef Meneder killed seven of his comrades in their sleep in the barracks of the "Southern Moravian Brigade," while his compatriot Nandor Kis killed Corp. Sasa Trajkovic in the "Mika Mitrovic" barracks.

One month after the crimes, the General Staff's commissions have yet to publicly announce any facts concerning the killers' motives, nor about how Meneder was able to

break out of prison unobserved, take a guard's gun, and fire the lethal rounds into the sleeping men.

For now, statements are arriving from the military top brass to the effect that the crimes in Vranje and Sapac have no political and international background, as federal Minister Pavle Bulatovic stated in the army publication VOJSKA.

In military circles, the interpretation is that the crime in Vranje was committed by Jozef Meneder as a member of the sect "Satan's Followers." They say that the capricious Jozef was a fan of horror films, that he listened to "heavy metal" music, and that he had a skull tattooed on his arm. He and his followers, members of the so-called satanic sect, allegedly met in cemeteries where they made sacrifices to the devil.

In a radio broadcast, Col. Zlatoje Terzic of the General Staff said that Meneder belonged to a satanic sect and that the motive for his crime should be sought there.

Nevertheless, the real truth is probably in the hands of the commissions formed by the General Staff. The public expects to hear this truth, with respect to both the crime in the barracks and the "Panic and Son" affair.

Shortages in Yugoslav Army Viewed

93BA1235B Belgrade POLITIKA in Serbo-Croatian
4 Jul 93 p 7

[Article by Dragoljub Stevanovic: "A Lieutenant Colonel Dare Not Marry"]

[Text] He was fed up with everything. That is precisely the impression made by an officer arriving from duty in one of the Belgrade garrisons in the Galeb Hotel, where he is being housed with his family in a room with two beds. Asked who he was, how he was, and how he was getting along, he merely waved his hand and hastily entered the elevator, shaking his head until he disappeared behind the door.

The Galeb Hotel was once the headquarters of the military research center, but after this war, because of the large number of military personnel who moved out of the former Yugoslav republics, the offices were done over as housing accommodations. In the cellar, there is also a specialized store to supply military personnel, which many interpret as yet another privilege of the army, but even a cursory glance at the prices indicates the opposite. There is no flour, oil, or sugar, chocolate is 2.4 million dinars, and a plastic container of Eurokrem 23 million. Too expensive to satisfy a craving for something sweet. A portion of bean soup in the canteen was being sold two days ago for 800,000 dinars, and stew was 200,000, more expensive than in the parliament dining room.

A Place for the Lucky Ones

Nevertheless, for many officers who after the disintegration of Yugoslavia, as citizens of Serbia, found themselves in their homeland for a second time, the Galeb is an answer to a prayer. Dr. Milos Kotic, chief of staff in the federal Defense Ministry, says that most have been put up in soldiers' barracks, under tents, or they are living as subtenants. About 13,000 families of active military personnel and civilian employees in the Army of Yugoslavia [VJ] have come onto the territory of the Federal Republic of Yugoslavia [FRY] from the seceded republics with about 40,000 members of their households. But this is not the final figure, because about 4,000 military pensioners who were allotted housing in Slovenia, Croatia, Bosnia, or Macedonia are another headache.

What is to be done with so many people? Colonel Kotic has data on what has been achieved so far in the organization of the VJ. It shows that accommodations have been provided for about 3,000 families in converted combined and office space in military facilities, recreation centers, military resorts, vacation cottages, and garrisons. Priority in getting some kind of roof over their head has been given to the families of officers killed and wounded.

An Income Spread of 2.8:1

The army was accustomed to sharing the destiny of society, it is said in top-level military circles. But also in recent years, especially when the war began, the army had no support at all in the state, which is the supreme military commander. In society, which itself is on the verge of penury, there was in turn not much sympathy for the officers, who often were unjustifiably identified with the generals involved in the "Flower Shop" affair. Some see the unresolved social status of members of the army in terms of a calculated policy of the government to thrust this powerful organization into the background to give priority to the police, which has been openly spoken about on the political scene in the recent past. The generals, whether out of caution or conviction, denies such stories, saying that the big difference in salaries, for instance, results from the fact that members of the MUP [Ministry of Internal Affairs] go into the field more frequently.

Nevertheless, the facts indicate that in the Yugoslav Army there are 25,231 unprocessed applications for housing, 17,550 from people with no housing at all, or 60 percent, while the others have a housing problem that has not been resolved appropriately. The worst situation is in the Belgrade Garrison, where 13,685 applications have been filed (8,470 of the applicants have no housing at all), and at the same time there is a rise in the number of those retiring who have no roof over their head. Because of the lack of money in the last two years, housing construction has slowed down considerably, and then less than half of last year's 2,600 housing units were completed (1,200).

Col. Kasic says that 10,000 housing units are needed to bring the situation up to the level of earlier years. A request has been put in for this with the federal authorities, but the Law on Financing the Program for Material Support of Transformation of the VJ up to the Year 1995 envisaged funds for 2,000 housing units. Nevertheless, the money is not arriving.

Therefore, says a young officer in jest, a young lieutenant colonel dare not even marry, or at best in the military academies the young men should learn not only operational and tactical assignments and defense of the country, but also something about conquering female hearts, especially those financially well off, with a dowry. After all, last year earnings dropped 50 percent, and the same drop has been recorded in the first six months of this year.

The problem cropped up particularly because of the old law under which salaries were calculated according to the average earnings of those employed the previous month in the economy. Because of the high rate of inflation, salaries are symbolic, but probably something will improve in this area, because an amendment of that provision is expected whereby in future earnings would be indexed to the current month, not the past month, as is now the case. Under the Law on Service in the Armed Forces, the average salary of all officers with four-year postsecondary schooling may range between 2.6 and four average salaries of persons employed in the economy, and the average pay of a noncommissioned officer is 70 percent of the pay of a commissioned officer. Commissioned officers are also entitled to an army supplement, which amounts to 20 percent of their salary, and pilots, marine commandos, and border guards also receive premiums depending on several factors. The income spread between a colonel general and a sergeant of 3.1:1 has been reduced to 2.8:1, above all in order to protect people with the lowest incomes.

Money Has To Be Found for Salaries

Kasic illustrates how this looks in practice by saying that although earnings are low, there is no money to pay them, and when it is found, it does not arrive regularly. Formerly, there were three reasons why young men opted for military service: secure employment, speedy solution of the housing problem, and favorable conditions for retirement. Now, the youngest age groups, which are just beginning family life, are particularly threatened. For example, a military officer stationed in some garrison is forced to live in the garrison, because his salary is not enough even for half of the rent for a bachelor's apartment. With no chance whatsoever to think about kitchen appliances, a television set, furniture, or even a suit. Even the monthly salary of the pilot of the most up-to-date combat plane, a MiG-29, does not have the rent for a bachelor's apartment in Belgrade.

Asked to forecast whether worse days or better days lie ahead, Lieutenant Colonel Vukasin Spasic, chief of the sector for standard of living, says that this depends above

all on the government. The army does not have the right to strike nor to organize a trade union. Because of the failure to vote a refinancing of the federal budget (the item for the military is not in question anyway), the army found itself in a financial vacuum, owing suppliers alone (various firms) about 13 billion dinars, so that they are threatened with economic collapse as well.

Because of the great dissatisfaction of the officer corps, it has been stated from a high level in the General Staff that the money has to be found for salaries even at the price of canceling all the planned military exercises this summer.

Status of Federal Army After Transformation

93BA1235A Belgrade POLITIKA in Serbo-Croatian
4 Jul 93 p 6

[Article by Ljubodrag Stojadinovic: "The Price of Survival"]

[Text] The JNA [Yugoslav People's Army] ceased to exist slightly more than 13 months ago. What was left of it, following the brutal ethnic departure to the states of the former Yugoslavia, had to be the foundation of a new army. The mere change of name (Army of Yugoslavia [VJ]) would have had no meaning if major undertakings had not been projected at that same time and a thorough conceptual reconstruction of the armed force of the most recent Yugoslavia had not been envisaged.

Today is certainly a time at least for understanding, if not for an analysis of what has been done in the past stage and what failures there have been, and what could await us in the future in a fully declared and chaotic militaristic atmosphere.

The so-called transformation of the army began at the most unfortunate moment: just when the new and unrecognized state was caught in the vice of the heavy sanctions. At that time, the threats of military intervention were most convincing, but the federal state displayed a striking restraint toward its army, reduced in its personnel and compressed in its space. There was no money for a dynamic transformation, the will and the ideas were lacking to match size and conception, and in just a few months the army's grounding in values was destroyed without prospect of being renewed anytime soon. Patriotism emerged as a new value criterion, and the attitude toward it contained almost everything that occurred in the ground between the old ideology and the new extremes. Thus, certain hard-core communist personnel, with an elaborate Yugoslav pedigree, suddenly became equally hard-core nationalists, unwilling to jump free of the mental and every other convenience of the intoxicating new sentiment.

Depoliticization, as a fairly utopian condition for the existence of the army (after all, in practical terms it is not altogether possible), began with the legislative ban on the activity of political parties in the army and activity of military personnel in political parties. In the first years of

some kind of parliamentary democracy, of course, this kind of two-way influence cannot be avoided, because the inertia of the ideological state is too strong, almost irresistible. In the domestic example, the political parties showed more interest in influencing the army than the other way about. Thus, the most powerful among them established points at centers of army power with relative ease, but not in those spheres where intelligence and creativity are concentrated. Which is again quite normal and understandable, because many personnel arrived at important posts on the basis of boundless devotion. With no great prospect for surviving by relying on their knowledge and ability, they looked for new models. Thus, "depoliticization" has in practical terms remained a fiction, and the army was left without much power to fight for what is most important in the scattered federal state: formation of a competent professional core.

A level of elementary readiness for the threatened aggression was maintained with great effort. The technological level necessarily had to be dropped down, because the money was not there even for courteous regular maintenance. Nevertheless, creative enthusiasm made the army powerful enough to respond to a possible first strike. When the threats of military action were most frequent and perhaps most realistic, the state found some strength and sources to furnish itself combat systems of the greatest importance. But there was no money to even moderate the large-scale homelessness and lack of prospects for the tens of thousands of families of commissioned and noncommissioned officers. That was left for the future, which, as matters now stand, will be intolerable.

At the same time, scandals became the symbols of the Army of Yugoslavia and of its place in an ever poorer state. The destinies of many thousands of martyrs, whose only guilt was ideological naivete in their early career as officers, fell quite unfairly under the shadow of those scandals. Top-level officers who had managed in various ways to supply themselves decently in a poor army are in essence the equivalent of what has been happening on the shady side of events in civilian structures. In our judgment, this is the same movement and an inseparable clan when it comes to financial scandals.

The most difficult moment for the Army of Yugoslavia naturally occurs when the realization prevails that there will be no intervention (and that is the password of this department in POLITIKA) and that the armed force of the federal state, in an atmosphere of explosive poverty, needs to be strikingly cut back with respect to resources and held in the center of nationwide odium as a big spender. The fact that all political and trade union organization has been banned in the army reduces its personnel to "people without reaction," regardless of the gloomy disposition, which is also a condition for existential self-defense. The army does not have its own representatives in parliament (which is natural), but in the most delicate moments it has even lacked any relatively well-informed civilian representative (the defense minister).

Everything that happened in the first 13 months of the existence of the Army of Yugoslavia offers little hope for optimism. We think that there will be no good omens until the state (which wants an army) says what kind and what size armed force it wants, until experts in conceptual and strategic matters and defense policy say how much all that will cost. Perhaps when all of that is defined, there will no longer be the mixed sense of bitterness and guilt in the officers of the domestic army. After all, today it still is not clear to them who they are bitter about and who they have wronged, who needs them and who would like to get rid of them.

Air Force Commander Talks of Shortages

*93BA1236A Belgrade POLITIKA in Serbo-Croatian
5 Jul 93 pp 9-10*

[Interview with Colonel General Bozidar Stevanovic, commander of the Air Force and Air Defense, by Miroslav Lazanski; place and date not given: "Insufficient Money—Reduced Fighting Ability"]

[Text] Deputies in the Federal Assembly did not pass the government's proposed budget in the last session, and thus the Army of Yugoslavia [VJ] faces very complicated problems, to put it in the mildest terms. The RV i PVO [Air Force and Air Defense], which is one of the largest beneficiaries of those funds, has been hurt the most by the drying up of the source of financing, because its organization includes highly educated experts and modern weapons systems which require regular investments for relatively expensive maintenance. This was the occasion for a conversation with Colonel General Bozidar Stevanovic, commander of this elite service in our Army.

[Lazanski] General, as a pilot with many years of experience as a flier and commander, how do you see the role of our Air Force at the present time?

[Stevanovic] An exceptional place is given to the Air Force and Air Defense in the strategies of all the advanced countries in the world and in their military doctrines, and air forces are given the primary role in war plans. Every country tries to have modern and effective combat systems in its air force, systems which apply the most up-to-date achievements of science and technology. Numerous subsystems on present-day combat planes represent superb technical and technological achievements which decisively affect the effectiveness of combat and other operations.

The Air Force and Air Defense is a service characterized by uninterrupted development and improvement of existing equipment, parts of equipment, weapons, and so on. Keeping pace with those changes must above all be continuous and in no case ought it to depend on day-to-day needs. The RV i PVO, as the most important branch of the Army of Yugoslavia, with superbly educated personnel, must develop in accordance with the established long-term development plan, which dare not be changed, nor should it be departed from.

As for our own RV i PVO, it should be emphasized that even under present conditions it is a respectable force. Although our economic and technological capacities are unfavorable, we in the Air Force have managed to build a high level of combat capability and effectiveness. This was in fact demonstrated during combat operations in the recent armed conflicts on the soil of the former Yugoslavia. Should the conflicts in the Balkans continue and spread, the Air Force would be the decisive force in defense of freedom and the Yugoslav state. That is why we must at no price allow the Air Force to be left without the most necessary funds to maintain combat readiness and the technical and technological level that has been achieved, because any lag would be irreparable, and it could be fatal if we faced aggression.

[Lazanski] As the most complicated and up-to-date combat system in the VJ, how is the RV i PVO functioning under these conditions?

[Stevanovic] In spite of numerous difficulties, mainly of a financial nature, we are keeping that system going; however, we are gradually getting into a situation where the financial factor is becoming more and more limiting on its further effective functioning, and this could have important consequences for the country's defensive capability.

Units of the RV i PVO are using modern systems of combat equipment of both foreign and domestic manufacture. This means that aircraft and equipment security is very complicated and expensive. The chronic shortage of money has put experts in the Air Force in a very difficult situation, because unused internal potential has been almost entirely utilized, and the consequences, if the present financial situation persists, could be devastating.

Personnel Are Leaving

[Lazanski] What are the principal characteristics of the social and personal standard of living of personnel of the RV i PVO?

[Stevanovic] Personnel of the RV i PVO have been working under extremely problematical conditions for several years now. Most of them went through the golgotha of events of the second Yugoslavia's disintegration and this war. Many lost their lives consistently and bravely carrying out the combat missions assigned them. Many were wounded, and a large portion has lost all their property, and now they are forced to start over from scratch.

One out of every two members of the RV i PVO is without housing, and most of those without housing are paying rent of about 100 German marks [DM] a month to landlords ["employers"]. You can imagine how these people are living when their salaries are considerably less than that amount and range on the average somewhere between DM40 and DM50. Many have nothing to eat, nothing to wear, not to mention opportunities to satisfy other needs.

I must emphasize that these so-called military refugees are worse off than the other refugees, because the government has taken no steps to alleviate their difficult situation, and here I am referring mainly to the possibility of providing them housing.

Pilots who fly the most up-to-date aircraft, worth several tens of millions of dollars, are sharing the destiny of other personnel of the RV i PVO and the Army of Yugoslavia. One out of every two pilots is also without housing. So, the personnel of the RV i PVO are in all respects sharing the fate of the people and the Army, their life is hard, but they are doing their job responsibly. They do not ask anything more than that they be provided some kind of normal conditions for life and that society provide appropriate conditions for their work.

[Lazanski] What difficulties and problems are cropping up in maintenance of sophisticated combat systems in the Air Force?

[Stevanovic] Even though a high proportion of the combat equipment is in operating condition, and this standard is being maintained in units of the RV i PVO, the remaining amount of service life is becoming more and more critical. First of all, improper storage conditions are detracting from the use life of missiles. The proportion of equipment in operating condition is also being affected by the failure to master the overhauling of aircraft, aircraft engines, and PVO systems, the impossibility of sending critical replacement parts and assemblies to be repaired abroad, the insufficient organization of the production of replacement parts and assemblies in the country, and the impossibility of importing them. When we add to that that fuel cannot be imported, we lack well-equipped workshops for basic maintenance of combat equipment, and RV i PVO units are not fully staffed with personnel in certain specialties, above all because of the poor civilian response, because the earnings of military personnel are shrinking, and the military calling is increasingly unpopular, it is clear that the proportion of equipment in operating condition is being maintained at a level that guarantees performance of basic and special missions thanks to immense efforts and on the part of all participants—mechanics, specialists in various fields, and commands. However, there is good reason to ask how long it will be possible to achieve that in view of the fact that the inflow of financial resources is not only irregular and inadequate, but also uncertain.

It should also be emphasized that recently the RV i PVO has been facing the problem of losing highly educated and specialized personnel in whose education immense public resources were invested and whose loss is adversely affecting the operation of the entire system. The kind of loss this is is best illustrated by the datum that the training of one pilot, for example, basically costs the same as the education of more than 50 officers in other specialties.

[Lazanski] Is it possible to talk about modernization under these conditions, in view of our country's geostrategic position and the current internal situation?

[Stevanovic] Because we cannot acquire up-to-date new systems, the only realistic thing to do in the present situation is to invest in updating the systems we have, which would guarantee an appropriate response to a possible aggressor. Quite a bit has been done in this area, but because the financing of the VJ has been irregular, it is not possible at the present moment to utilize the maximum performances of certain combat systems we have.

However, as soon as more favorable financial conditions come about, we need to resume modernization, especially because most of the neighboring countries have an up-to-date Air Force and Air Defense system.

[Lazanski] What is the price of present-day aircraft and other combat equipment? How much does their maintenance cost?

[Stevanovic] It is well known that the RV i PVO is a markedly technical service, its equipment is extremely expensive, it ages rapidly, and its modernization and maintenance require large financial resources. The price of a present-day combat aircraft ranges from \$20 to \$30 million. However, the actual price of aircraft over their useful life is considerably greater. For example, during the prescribed service life financial resources amounting to fourfold the purchase price are needed for maintenance, repair, and modifications of a present-day aircraft. The price of one up-to-date missile-firing unit in the Air Defense system is between \$1 million and several hundred million dollars.

As you see, present-day combat equipment in the RV i PVO system is very expensive, but at the same time it is far more destructive and effective, because its effect is far greater than the effect of conventional weapons. It is in the interest of the state and the Army, then, to have this modern combat equipment and up-to-date organization.

[Lazanski] How are financial conditions affecting training?

[Stevanovic] It should be borne in mind that without constant and intensive training in the RV i PVO, and especially in the Air Force, there is not, nor can there be, successful and effective fighting men. Once conditioning and the level of training drop, they cannot be brought back up to the necessary level in a short period of time, although this can be done in certain other structures.

That is why in essence we cannot even talk about effective training without adequate material support. When you realize that the results of combat operations not only of pilots, but also of missile gunners, radar operators, communications personnel, and all others who handle up-to-date equipment and combat systems

depends decisively on the level of training, the conclusion can be drawn that every investment in their training can bring a return many times greater in combat operations.

The present financial situation puts a limit on the possibility of making training more up-to-date. For certain specialties, the lower threshold of tolerance has been reached; we dare not go down any further, because this could have very serious consequences for security of both the personnel and the equipment, and this is the case, for instance, with pilots.

[Lazanski] How is the situation with financial resources affecting combat readiness?

The Role of Strategic Deterrence

[Stevanovic] At the moment, the biggest problem is the shortage of materials and financial resources, which have put the training plant and equipment at a critical level. The shortage of fuel and replacement parts is below critical replenishment, and the opportunities for obtaining them have been made drastically more difficult.

Because we lack vital spare parts, it has become more difficult to use certain extremely important systems, such as the equipment of the VOJIN [Air Observation, Reporting, and Control] system and certain ground navigation equipment made in the West.

[Lazanski] How are you managing to maintain the necessary standard of operability of military equipment, and by what is this affected?

[Stevanovic] In order to maintain the required level of operability of combat equipment and thereby the necessary combat readiness and effectiveness, we need to reactivate existing capacities of the aircraft and special-purpose industry, primarily for the purpose of transfer and assimilation of technologies for production, repair, modification, and modernization which have been lost. The real prerequisites exist for this, because all of our highly trained personnel in development and testing institutions are on the territory of the FRY [Federal Republic of Yugoslavia], as is most of the repair and technical documentation. Relatively modest investments could bring about results important not only to the combat readiness of the Air Force, but also to the country's economy as a whole.

[Lazanski] General, as for the infrastructure of the RV i PVO, it is well known to the public that numerous units, even flight units, have been almost neglected with their expensive equipment and crews. How did that happen?

[Stevanovic] Through the planned commitment of RV i PVO units, we have managed to preserve and evacuate to the territory of the FRY all combat systems and most of the material reserves. However, the newly acquired airfields and positions on the territory of the FRY do not

have the capacity and infrastructure to meet the necessary conditions for the life and work of RV i PVO units, above all because of the high concentration of combat equipment in a small space. After all, the strategy of previous and earlier top leaderships of the JNA [Yugoslav People's Army] is well known—to place all the more important economic facilities and facilities of the infrastructure on the territories of the former Yugoslav republics which have seceded.

[Lazanski] What has priority in dealing with the infrastructure?

[Stevanovic] At the moment, we lack several thousand square meters of developed space for the necessary maintenance of aircraft in Air Force units and for logistical support, and approximately the same amount of space to house people and sensitive materials and equipment. That is why we must immediately undertake to build the necessary facilities of the infrastructure to house people and maintain expensive RV i PVO systems such as hangars, combat positions of missile and radar units, and storage facilities to house, that is, for the prescribed and secure safekeeping, aircraft supplies and equipment.

Financial resources in the amount of several tens of millions of American dollars need to be furnished to build those facilities.

[Lazanski] Which have priority when it comes to setting aside financial resources for the VJ and for the RV i PVO?

[Stevanovic] Commands and units of the RV i PVO have taken over and are taking over appropriate activities within the limits of their responsibility and capability in order to effectively solve some of these problems. However, because of the inadequate and irregular inflow of financial resources, the realization of many planned activities is in jeopardy. The high rate of inflation and the payment of bills several months late nullify the efforts, and a large number of longstanding collaborators are refusing further cooperation with units and institutions of the RV i PVO. The priorities, in my opinion, are people's standard of living (so that they survive, especially those without housing), food and housing of the Army, and training and maintenance of the operability of combat equipment and the operating ability of the principal combat systems.

I want to emphasize the following: We need to guarantee reliable and stable sources of financing to meet the needs of the VJ and of the RV i PVO. In addition, I would mention that more than half of the funds intended for the Army were set aside for the RV i PVO, but now those funds have been reduced to nearly one-fifth, which is not permissible.

[Lazanski] General, in view of the role of the RV i PVO and the strategic encirclement of the FRY, do you agree that the future structure of the military budget to meet the needs of the RV i PVO should receive the largest

funds, because the RV i PVO is the principal strategic component for deterring a possible aggression against the FRY? That is, that is what other countries are doing in a similar geostrategic position, Israel, for example.

[Stevanovic] It is a fact that under present conditions the importance of the RV i PVO, surface-to-surface missile units and all components of the Army, which are the main factor for deterrence, is increasing in all the armies of the world.

The present strategic encirclement essentially influences our entire defense system. That is, the reduction in the size of our theater and the change in economic and demographic potential has essentially altered the country's geostrategic position, and thereby also the role of the RV i PVO. It is obvious that the importance of the RV i PVO must be emphasized in the new war doctrine, and that also means adequate financing. If we want an up-to-date and effective defense system, we must have a force which will be able to provide the component of deterrence through independent actions of strategic importance. The RV i PVO constitutes such a force because of its combat capabilities.

As you yourself have said, there are cases in the world where the RV i PVO has that kind of importance. It is up to those who shape defense policy to decide whether we will take advantage of those present-day solutions or not.

NSS Attacks Government on Wheat Issue

*93BA1265H Belgrade BORBA in Serbo-Croatian
7 Jul 93 p 8*

[Unattributed article: "Do Not Give the Grain to the Government"]

[Text] Knowing that Milosevic's governments, federal and republic, will not pay a fair price for the wheat from this year's harvest, the People's Peasant Party [NSS] has warned that yet another cleverly conceived deception and robbery of the peasants by the government, Milosevic, and his lackey, the vojvoda, is behind this year's government purchasing of wheat and the measures related to the purchasing drive.

With the help of Radio-TV Serbia, the government is currently conducting a campaign aimed at deceiving the public more successfully deceiving the peasants. Figures are being presented in public to the effect that the purchase of nearly two million tons of wheat has been contracted for, when at the moment not even a tenth of that amount has even been harvested. With whom were the contracts concluded? No one knows. Who is authorized to conclude contracts for the sale of unharvested wheat, someone else's wheat and wheat that is largely going to peasant barns instead of to the silos? There is every indication that financial misappropriations are involved, that the primary issue money has been withdrawn for wheat contracted for, nonexistent and undelivered, that this money is circulating on the black foreign exchange market, and that over the next 10 days

or so the exchange rate will rise by more than 100 percent, states the press release of the NSS, along with an appeal to the peasants not to sell grain to the state but to store it instead.

Commodity Reserves Director on Wheat Purchase

93BA1265G Belgrade BORBA in Serbo-Croatian
7 Jul 93 p 8

[Unattributed article: "Half a Million Metric Tons in Silos Already"]

[Text] Belgrade—More than half a million tons of wheat have so far been stored in the silos of milling organizations, TANJUG was told yesterday by Radisa Djordjevic, assistant director of the Republic Directorate for Commodity Reserves.

The harvest is in full swing, and bread grain is being taken over according to expectations, but the ever-greater shortage of cash to pay for the grain delivered is disturbing, Djordjevic warns.

This very day the competent authorities are supposed to ascertain why there is not enough cash in the field, because, according to assurances from the federal and republic governments and National Bank of Yugoslavia, enough money has been furnished to purchase about 2.2 million tons of grain surpluses intended for the market.

So far, contracts have been concluded for the purchase of about a million tons.

Problem With Wheat Prices Discussed

93BA1265D Belgrade BORBA in Serbo-Croatian
7 Jul 93 p 12

[Article by B. Gulan: "The Peasants Are Refusing the Dinars and Are Turning Over the Grain for Safekeeping"]

[Text] The harvest in Yugoslavia is entering its final phase, and if the weather is favorable, the battle for bread will be over in a week. But while bringing in the harvest is going according to plan, there is a big gap between the areas harvested and the grain put up in silos. The biggest problem now is the price. Still nothing has come of the promised money except minimal amounts. But even that little bit of money has raised the price of the German mark [DM] on the black market.

The authorities promised the peasants enough fuel (30 liters per hectare and five liters for transport), spare parts, and money on time. But only a bit of that is coming about. This is best indicated by examples from Vojvodina.

"It is not true that the money was given to the peasants, as the official sources would have it," says Dr. Ljiljana Vasic of the Vojvodina Cooperative Alliance. "Very few peasants received cash, only credit transfers are taking place. That is, the money is paid into savings accounts,

giro accounts.... That is why the peasants are protesting now, and we can hardly expect the plan based on fond wishes of purchasing sufficient grain through commodity reserves to be realized. After all, what the peasants want now is just to turn over the grain to the state and put it in its silos, but just for safekeeping. That means that they are not selling the grain. They are even refusing to accept the money which is not in line with the labor they have invested," says Dr. Ljiljana Vasic in a special interview for BORBA.

"The price will be discussed only when bread is to be baked from that grain. Today, the peasants have an interest in turning over the grain for goods, but even that is not going according to plan. The large combines have backed off from taking part in this campaign, and the only arrangement is with the nitrogen plant in Pancevo under which the grain is exchanged for fertilizer through the commodity reserves. So, in spite of all the promises, the peasant is in a bad position once again this year, and a good idea is being carried out badly in practice. We continue to take the position that the price of grain should be linked to the German mark, and the proposal of Vojvodina was that it should be DM0.35 per kilogram. Only under those conditions, with prices going wild, can we count on there being a new planting of wheat."

"Last year, I was a recordbreaker in production, because I produced more than 36 metric tons of wheat on six hectares and turned it all over to the government. It was not what it should have been, but we survived," says Momcilo Hajdukovic, a peasant from the village Kuzmin in Srem, last year's recordbreaker for production. "Now I have slightly less grain, the harvest is under way, and I will do the same as all the other peasants. Let the grain go for safekeeping, and we will talk about price when the government needs it."

Slobodan Trifunovic, director of Zitokop of Novi Sad, says that as of the day before yesterday silos in Vojvodina had received over 250,000 tons of wheat. The grain is good quality, but there is a gap between the areas harvested and the amounts in the silos.

"The government has adjusted the price of first-class wheat to 290,000 dinars, and it will do that every Thursday," says Milan Prostran, undersecretary in the federal Ministry for Agriculture. "First, the government furnished 315,000 billion dinars from primary issue for wheat, which was 90 percent of the money needed, but that has now melted away. Every effort is being made to get the money to the peasants on time."

[Box, p 12]

Better Than Represented in BORBA!

Dr. Koviljko Lovre, federal minister of agriculture, visited grainfields in Vojvodina in past days and is satisfied with the job that has been done. According to him, the

job of the year is going considerably better than the peasants are saying, according to what BORBA is writing.

Regime Members Purchase State Villas Cheaply

93BA1261G Zagreb VJESNIK in Serbo-Croatian
11 Jul 93 p 6

[Article by Jasna Zanic-Nardini: "THE EUROPEAN on 'General Plunder' of Apartments in Belgrade: Villa for \$15"]

[Text] *Milosevic himself initiated the large-scale, secret sale of housing two years ago by securing a loan to purchase a luxury villa, which had been completely devalued by inflation.*

London—According to the latest reports coming from Belgrade, villas and apartments in the best locations of the city are being sold for a symbolic price of between \$15 and \$50, provided that the lucky buyer is a former high-ranking communist official, a retired general, or a minister. Through the large-scale, secret sale of housing, which is not advertised anywhere, the Milosevic regime is apparently attempting to ensure the continued support of those strata close to it.

According to a report in the British newspaper THE EUROPEAN, Milosevic himself initiated the sales transactions two years ago by securing a loan to purchase his luxury villa. Thanks to hyperinflation, the Serbian leader's monthly salary today is \$10—and it will be even less before long. Other villas in Dedinje, which Tito nationalized after the war for himself and his top-level associates, are also being sold for next to nothing. According to documentation from the administrative commission of the "federal" parliament, the 165-square-meter villa in Milosevic's neighborhood where Tito's wartime general Peko Dapcevic lives was sold for \$16. Retired Gen. Mijalko Todorovic paid only \$10 for a similar 177-square-meter villa.

Other houses on the same street, where retired high-ranking communist officials or their widows live, are being sold at similar "popular" prices, according to THE EUROPEAN. According to an unnamed member of the current Serbian regime quoted by the British newspaper, this is a case of "general plunder."

The matter has been brought to light by Aleksandar Stefanovic, the chairman of the parliament's administrative commission. He was prompted to take action by protests from some of his officials who were outraged that they themselves were unable to take advantage of the large-scale sale of apartments and villas. Stefanovic alleges that his predecessor acquired two apartments and a loan of nearly \$30,000 to build a summer residence on the Montenegrin coast.

According to the allegations made by THE EUROPEAN, while Stefanovic's predecessor was in office 101 Belgrade apartments were sold at an average price of

\$29. Stefanovic in fact alleges that officials of so-called Yugoslavia have in practice doled out some 8,000 apartments and houses to their relatives and friends, who have paid only a symbolic price. This involves the housing fund which was previously part of the federal government, THE EUROPEAN alleges, meaning the government of the former SFRY.

A large number of officials in Serbia live in apartments earmarked for foreign diplomats, in which the rent is commercial. Even the chairman of the parliament's administrative commission, Aleksandar Stefanovic, lives in one of them. However, this critic of housing fraud himself refuses to pay the \$500 monthly rent. Instead, he has attacked the profitable office that deals with finding housing for foreign diplomats, the goal being to close it down. This move would provide a new mass of Dedinje villas and apartments suitable for sale, the foreign reporters conclude.

Depositors Protest, Attack Inos Banka

93BA1265A Belgrade POLITIKA in Serbo-Croatian
14 Jul 93 p 11

[Article by S. Zikic: "Depositors Have Demolished Inos Banka in Paracin"]

[Text] Paracin, 13 Jul—Disappointed with the constant postponement of payment of their savings and failure to pay interest even on foreign exchange, some 50 depositors of Inos Banka of Nis, sometime after 1200 hours today broke into the offices of Inos Banka on Branko Krsmanovic Square in Paracin. The depositors broke down the front door and began to smash and destroy the furnishings of this bank, which many are already calling an "alleged" bank or supposed bank. Several times already during recent months depositors have met with notices that the payment of savings would be postponed because of the bank's need to "consolidate" and because interest rates, which the National Bank of Yugoslavia [NBJ] is supposed to set, were unknown. The depositors obviously ran out of patience and reacted with vandalism.

Further smashing of the furnishings and destruction of the building of Inos Banka was prevented by a unit of the Paracin MUP [Ministry of Internal Affairs]. As we are filing this report, the MUP unit from Paracin is securing the building of Inos Banka, and about 5,000 depositors have gathered in front of the building; they are upset and demanding to talk to the bank's director, Bora Kostic.

Kostic, however, did not appear until 1500 hours. In late June, more precisely 18 June, he promised depositors that payment of principal and interest on foreign exchange savings deposits would begin on 1 July and would be done according to the list and summons which would be sent to the home address of depositors. Because the summons obviously have not begun to arrive, and the public has begun to get information about certain findings of the financial police and inspectorate, the depositors reacted in the manner described.

Incidentally, according to the findings of the financial police, which has examined the financial transactions of this private bank in Paracin, Bora Kostic, the bank's owner and director, has not been meeting his financial obligations to the government. It was established, that is, that he had evaded payment of about 40 billion dinars in income tax. From what we have learned, a criminal charge will be filed against him.

Meanwhile, the Financial Inspectorate has ascertained that this bank does not have any bookkeeping at all concerning the foreign exchange savings of individuals. There are no records whatsoever concerning the numerous deposits and depositors who entrusted their foreign exchange to Inos Banka of Paracin. Also, Inos Banka has no license from the National Bank to handle foreign exchange deposits.

The promises of Director Bora Kostic were obviously only a trick to gain time. It remains to be seen what will come of the promises of Miomir Milovanovic, president of Paracin Opstina, who stated publicly that all depositors of Inos Banka would be paid, that they should not worry about their deposits and interest, and that their funds had been invested in the highly profitable refrigeration plant, which would soon begin to pay back what had been invested in it.

It also remains to be seen how the situation will develop further in front of the offices of Inos Banka in the center of Paracin, because the overheated depositors have obviously lost patience.

Serbia

Biographic Data of Deputy Prime Minister Simic

93BA1265B Belgrade BORBA in Serbo-Croatian
13 Jul 93 p 11

[Article by Cvijetin Milivojevic: "Milosevic's Letica in the Federal Executive Building"]

[Text] The assault on all the Serbian lands and the ongoing restructuring of personnel, along with the advancement of the entire second team to become the first (winning?) team, are the two vital features of the Socialist Party [SPS] today. Following the promotion of Percevic, Dacic, and "the kids" to the very top of the party pyramid, after the installation of a 40-year-old in the ceremonial office of president of the federal state, yet another SPS hero has entered the front ranks of the struggle from the realm of brass bands made up of advisers.

Zeljko Simic (age 35) is Serbia's strongest man in the Federal Executive Building, and as such he perhaps prefigures the more serious intentions of the Serbian regime in the direction of a favorable outcome of the constitutional and political mess at the level of the community by treaty representing "two eyes in one head." The job description of Kostic's new deputy prime

minister will presumably include the most attractive topics of foreign policy here—the London and Geneva conferences and Serbian-Croatian relations.

Has the heretofore public relations adviser to the president of Serbia moved from the Old Palace to the address in New Belgrade by way of a certain disqualification, or, on the other hand, is this a reward for what he did or did not do in exercising his job duties in the president's office? But that is still not as important as the fact that the federal government is now getting a "heavyweight" intellectual who has Milosevic's confidence.

Zeljko Simic's political career is the classic offspring fathered by work and mothered by good luck. Even in high school he began to write in *STUDENT*, a year later he had become an editor of that paper, and then in 1981 the entire editorial staff of *STUDENT*, from what Simic said in a recent interview with *DNEVNIK*, was removed "because of harsh criticism of the regime and doctrinaire Marxism." The occasion was 8 March, lascivious sexual cartoons that were published, and Simic's subsequent destiny was uncertain. When Suvar included him in the White Paper (1982), and the possibility of employment in the School of Law, from which he had graduated, fell through, just like the hope of culture editor on *MLA-DOST*, Simic would look for help to none other than the city committee. The young leftist today explains his employment in the Belgrade City Committee in terms of the challenge, but also a presentiment of "hints of certain changes."

Simic's career as a political journalist shot upward from that time (three books, several translations, numerous articles, essays, and studies, constant collaboration with *KNJIZEVNA REC*, *KNJIZEVNE NOVINE*, and *NIN*), and the promotion to "some kind of collaborator, a person of marked individual political personality" (Milosevic, author's note) came as a reward for an ambitious writer who in the mid- and late eighties rode the intellectual wave of the "antibureaucratic revolution" and "people happenings" in *NIN*.

Making superb use of the advantage that back when he was 14, thanks to the library of his grandfather, Jevrem Simic, our first ambassador to the Vatican, he had read Slobodan Jovanovic and Nikolaj Velimirovic, Zeljko Simic took a master's degree in the sociology of culture, he was chosen editor of *VIDICI* (certain prestigious young oppositionists were publishing there), and he received the Vuk Karadzic Prize for his editing of that journal, even....

Milosevic's Letica, however, also had serious discords with a segment of the top party leadership of his party (some well-informed people say even with the chief himself), which is the main reason why aside from his term as deputy in the first convocation of the Assembly of the FRY, Simic until recently did not have any important government office. Although, judging at least by his cruelly argued observations about the opposition in EPOHA, one might conclude that the party in power

could not have found a more appropriate competitor for the opposition political establishment....

In view of the present situation in the government and the nation and also the job which the new deputy prime minister of the FRY is to do, it is clear that he will have to negotiate between Scylla and Charybdis. But in view of the name of the person who delegated him to the government, Zeljko Simic's political seat will be solid for a long time. More solid than that of the prime minister.

SPS Politician on Economic Issues

93BA1251B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 5 Jul 93 pp 21-22

[Interview with Nebojsa Covic, director of the Metal Products Factory and chairman of the Executive Committee of the Belgrade Assembly, by Mijat Lakicevic; place and date not given: "The Real and the Possible"]

[Text] Nebojsa Covic, director of the Metal Products Factory [FMP] and chairman of the Executive Committee of the Belgrade Assembly, is probably one of the most controversial figures in the Socialist Party of Serbia [SPS]. Covic emerged on the political scene a few months before last year's election campaign, suddenly, and, it seems, utterly from nowhere. It soon turned out, however, that Covic was a successful director and for all practical purposes raised from the dead a factory that was already ruined when he came to head it from the post of assistant professor in the School of Mechanical Engineering at Belgrade University in 1990, and a little later it turned out that his commitment to the Socialists was a good move. This was finally verified by Covic's election to the post of prime minister in the Belgrade government.

Because of his assertions and positions firmly stated (for instance, toward various strikers), Covic is not to the liking of that portion of the public disinclined toward the authorities, but those who are more familiar with conditions in the incumbent party say that because of some of his demands, like the one that the channels of primary issue be established, Nebojsa Covic is not exactly in favor even in the top levels of his own party either. In general, Covic's political star has completely overshadowed his star as a manager, and while we, so to speak, know everything about the former, very little is seen of the other. That was the occasion for this interview, and that is why it was exclusively devoted to the economy and economic problems, although perhaps, in view of the current situation and Nebojsa Covic's political office, it might have been the other way about. In any case, there was not enough space for both, at least not on this occasion.

[Lakicevic] We would like to devote this interview to economic topics, that is, to talk to you as a manager. That is why I would ask you to begin by saying most briefly how you would describe the present situation in the economy.

[Covic] There is no doubt that the situation in the economy is extremely serious. I think that now we are actually experiencing the culmination of all the wrong moves that were made over the last 50 years, when all the reforms and all the plans demonstrated the inability of the economy, that is, the nonexistence of an economic system which "thinks," that is, which has a futurological orientation.

Without going into that any more deeply, that legacy is the reason that in Serbia today we do not have a cross section of the situation, more accurately, we do not know what our economy can do on its own, what new products it can develop, and so on. But something like that is indispensable if we are to pursue that line and employ a sizable portion of economic capacity while we are under the sanctions and thereby ensure that our economy becomes stronger. We have extremely good young specialists, we have quality workers, quality technologies, and factories. Our problem is that we must synchronize a drive of that kind through the economic chambers, so that we know exactly what a particular firm can do. The most important thing here is to pay the real experts extremely well and provide them all the normal conditions, because I think that only professionally competent and quality people can extricate this economy and this country at this moment.

[Lakicevic] What you say smacks of technobureaucratic, if not administrative, management of the economy and society. I must acknowledge that I am rather afraid of that, for reasons which I believe you are also aware of. This has existed in the world, and we know quite well what results it produced. The second, and this is related, when you speak about substitution, is there not a hidden danger here of the economy being shut off, becoming in some way isolated, so that when the sanctions are removed it is no longer able to make connection with the rest of the world?

[Covic] That is valid if what I said is taken completely literally. I was only speaking about the moment we are in now and when we must organize the economy. I have never been against a market economy; on the contrary, I advocate it to the maximum; however, the conditions in which we find ourselves impose on us a need for greater organization. This does not mean that our economy should make everything. Our economy should begin to make what it can make and what is technologically justified.

[Lakicevic] Who is supposed to determine that?

[Covic] That should be determined first by the firms themselves, and then by the economic chambers, or by associations of businessmen who provide that service everywhere in the world. The state's intervention should, of course, be as little as possible. But under the conditions of the blockade, when you must nevertheless manage such a system, the degree of the government's participation in that is certainly greater.

As for the observation that that concept is technocratic, we must distinguish two things. If an organized and correctly constructed economy is technocratic, and I think it is not, and on the other side you have a disorganized chaotic economy which has no rules, which is not even protected from the government, then I am for the former, although I think it is very difficult to say that making rules is technocracy.

[Lakicevic] The technocratic approach need not be bad in and of itself, but under our conditions, with our tradition, and so on, this very quickly turns into administrativism and what you are trying to avoid, that voluntarism, for example, would very quickly become the system's principal feature.

[Covic] Voluntarism in what sense?

[Lakicevic] Administrative, when bureaucrats decide who is going to produce what....

[Covic] The bureaucrats will not....

[Lakicevic] But the people sitting in the economic chambers are mainly bureaucrats.

[Covic] You are wrong in your premise that those are bureaucrats there. If it is true that bureaucrats are sitting there who have never spent a certain time in the economy, then that should be changed. At this moment, there must be a higher percentage of intervention of the government in setting the rules of distribution, when the blockade does not allow you to import any production supplies or products which you cannot make in our economy. I certainly am not in favor of the version where I fold my arms and say: "I just cannot do it" and "What do I do now?" but I am in favor of fighting. The first and basic thing, of course, is for us to fight to remove the blockade, but it is a fact that the blockade will not be removed so quickly. That is realistic, and we should be guided accordingly. Here, we must pay maximum attention to preserving the economy, to preserving the large systems, precisely because of that moment when the sanctions and blockade are removed. So, a concept which lasted 40-50 years and which was based on the idea that everything that is good for the government must also be good for the economy and for the individual, we must at this moment slowly change with the concept that everything that is good for the individual and for the economy is also good for the government.

[Lakicevic] Do you think that it is possible in practice to build two systems parallel to one another, one for now and another for the time after the sanctions? If at this moment the entire system is set up and organized so as to function as well as it can under the conditions of the blockade, then the question is whether there will be forces left, intellectual and other, to think of things in another way, that is, in another direction?

[Covic] I guarantee you that if we force the system to think about how to organize itself in order to guarantee

its survival under the conditions of the blockade, we have done an important thing, we have made a leap from our standard lack of organization and sloppiness, our standard sleepiness, and the logic "it's a piece of cake." Second, I do not believe that we can pursue the administrative concept, because when I speak about the increased role of the government at this moment, I am not saying that we should stop the privatization. I am absolutely in favor of our proceeding with the change of ownership, for the government to give maximum stimulation to private and mixed firms. I am only saying that we should draw up rules of the game that are a bit different. No firm should be stolen nor should the workers be stolen from through privatization. People who hold government office must draw up a model as to how and what we will do in the economy when the sanctions are removed. However, we are not making preparations for that at all. We can survive, preserve the systems, preserve the citizens, only if we are extremely well organized. I likewise am afraid of our abuses, of conceptions that date from the past, of slow changes in thinking. However, it is right here that we should get help from the democratic law-governed state in preventing the stereotypes, in preventing the wrong people from getting an office and thereby making decisions.

[Lakicevic] How has your firm, FMP, gotten along in this situation, where is it now, and where was it a year ago?

[Covic] FMP is doing today what a year ago I thought it would do. Not for a moment did we have unrealistic plans, we planned everything that we have achieved today. I am not a beneficiary, let there be no confusion, of political favors, even though I hold these positions.

Thanks to the conception of the firm which we adopted and have been adopting since 1990, not for a moment have we been in crisis, because we knew what we wanted. The shrinking of the Yugoslav market even put us in a situation where we had more business than we had before, because Saturnus of Ljubljana and MGK of Rijeka, firms with which we are on the same technological level, were here on this part of the Yugoslavia of that time. But in large part we captured the market while they were still here, because in 1990 the ratio was 70 to 30 to their advantage, and by '91 we had 60 and they 40 percent, and we have recorded a further growth. Further, we expanded our activity into trade, construction crews, the building trades; also, at this point we want to orient a sizable portion toward hostelry, because we have ties with agriculture. Now, we have worked out a deal with our employees who have land, with whom we want to make a joint investment to build livestock-raising facilities or certain minifarms in such a way that they continue to be involved in our business, but on their own farms and bound up exclusively with farming. That plan, whereby we intend to turn FMP as a whole into profit centers, is supposed to be realized by the end of this year. By the end of this year, we will also develop our design center and a strong marketing agency, with the most modern equipment and new young people....

[Lakicevic] Do you think that there will be a need for design and marketing?

[Covic] I think there will because we will not be working only to meet our own needs. Actually, only 10-20 percent of the work that they will do will be related to FMP's products.

Anyone who is not ready for the day when the sanctions are removed will die much faster than he can die now. After all, now the government must nevertheless be mindful that it must dope the economy and keep the system going in that way. Marketing is the most important thing in the economy. Whoever has good marketing and knows how to put those services to good use can survive. Our marketing will not be intended solely for our market, regardless of the blockade. After all, we can produce a spot and send it on a small cassette and collect for it in Europe.

We have purchased 80 percent of the new equipment for the principal production operation. Second, as part of our principal production operation, we want to begin to design machines necessary for agriculture, but I am, of course, not thinking of tractors, combines, and so on, but of subtle processing machines used in the technology for processing farm products. We already have the knowledge and the space, because we would be the only ones in this country, and we see the Dutch and the English as competitors. However, I see no reason why we cannot make a product just as good as theirs.

[Lakicevic] And inexpensive?

[Covic] Inexpensive, even cheaper than theirs. As far as FMP is concerned, it lived before the blockade just as it has lived after it. The only difference is that before the blockade we could work 10 hours, at least as far as the management team is concerned, and now we must work much more.

Everything that I have said is sketched out in my program which I submitted when I was chosen to be director. Of course, at that time I did not talk about the blockade, but we, believe me, have been thinking about the sanctions since November '91 as a potential danger which could threaten FMP, and in January '92 we began to prepare for the blockade.

[Lakicevic] Your production is proceeding normally?

[Covic] On three shifts.

[Box, p 22]

[Covic] I favor total control of primary issue so that we know precisely where the money is being released, why it is being released, through what channels it is going, and finally, to see what is happening when there is no money in the firms and there is money on the street. The worst thing is that those firms that have the capability of exporting even under these conditions are not getting

money from primary issue. What we in Belgrade have been asking for for almost a year is to see the flow of primary issue.

[Lakicevic] Who is not allowing you to find that out?

[Covic] If you have an authority that extends to a certain line, then you can perhaps jump over that line, but you may have to pay a price. I think that we have in fact jumped over a certain line because nothing is in our interest except setting up the system the right way. Second, primary issue is extremely late when it reaches the economy. What does it mean to a firm when instead of today it gets the money in a month I need not explain, and that kind of lateness does occur. I do not agree with the argument which one also hears that the economy is causing this high inflation. That is not true. If that continues to be propagated, I think that businessmen have a moral obligation to issue a public demand for a complete X-ray without any kind of embellishment of the real truth about who, when, how much, and to whom has released money from primary issue.

Democratic Party Says Wheat Program Corrupt

93BA1265F Belgrade BORBA in Serbo-Croatian
7 Jul 93 p 8

[Unattributed article: "Where Did the Primary-Issue Money Go?"]

[Text] Belgrade—The dizzying rise in the exchange rate of the German mark on the black foreign exchange market is a new blow to the standard of living of the public because it will cause more inflation, which is already high. The jump in the value of the mark occurred because the government printed dinars to pay for the harvest. Just as happened earlier, the money reached street dealers instead of the peasants for whom it was intended, states a press release of the Democratic Party [DS].

The Democratic Party has already demanded that the names of beneficiaries of primary issue be made public, because this is one of the ways in which the citizens of Serbia are being robbed. Now the money printed for harvest has once again been received by individuals who are in this way getting rich overnight because they are buying up foreign currencies from the public. The government has demonstrated once again that it is unable to pay for the grain, just as the petroleum intended for the harvest ended up in the hands of the black marketeers. So the farmers have been left without money and without petroleum, and the citizens of Serbia have been left without grain for next winter. That is why the government is avoiding the scheduling of a debate in the parliament about the harvest, which has been demanded through 100 deputies on the initiative of the Peasant Party of Serbia and the Democratic Party.

The last primary issue resulted in a sudden drop in the standard of living, because now the guaranteed personal income, which more than half of the firms will not be

able to pay at all, amounts to less than 20 marks. Because the government has no more money, the farmers will not turn over their grain, and the citizens of Serbia will be without food during the coming winter.

This case has only confirmed that anarchy and corruption prevail in the government and the government apparatus and are causing the greatest injury to the citizens of Serbia, who are becoming poorer and poorer every day, while the people in the government and a few individuals close to it are getting rich at the expense of everyone else, states the press release of the Democrats.

Dumping of Dinars From Wheat Harvest

93BA1265E Belgrade BORBA in Serbo-Croatian
7 Jul 93 p 12

[Article by B. Stepanovic: "The Dinars for the Harvest Have Reached the Street"]

[Text] "How do I know how much 150 million billion amounts to in billions when a computer cannot take that many zeros? I am afraid that soon it will not even be able to show the price of a German mark." This is the comment of a banker whom we asked for a comment on the most recent jump in the exchange rate of foreign currencies. Information about how much money was printed to purchase wheat range from the 318,000 billion, officially, to the 150 million billion dinars mentioned, according to unofficial estimates.

The price of foreign exchange rose appreciably right after the announcement that money would be printed for the harvest, and as the money comes in, the hard currency regularly becomes more expensive. By contrast with the price of foreign exchange that previously was uniform at all "points," now those in Belgrade and the interior of Serbia are appreciably cheaper than in Vojvodina. The record, from what we have been able to learn, is held by certain villages in Vojvodina where a German mark has been selling for as much as 5 million dinars, but the price is changing constantly. In Belgrade, yesterday the mark was worth half that much—it was being bought for between 2.2 million and 2.3 million dinars, and it was being sold for between 2.5 million and 2.6 million dinars. In currency exchanges, the rate on credit transfers ranges from 2.8 million to 3.1 million and was expected to rise further.

"There are several reasons for the present sudden jump in the price of foreign exchange," says Dr. Radovan Kovacevic of the Foreign Trade Institute in Belgrade. "First of all, there is the psychological factor, because the fact that an immense amount of money from primary issue has been approved is in the minds of those who engage in speculation a reason for immediately raising the price of foreign exchange. Second, the money has already begun to be released, so the banks could divert some of the money obtained to pay the peasants to the black market and use it for at least a few days, and this, of course, immediately causes a jump in the exchange rate because of the 'flood of dinars.' The third reason has

mainly not begun to operate as yet, and this is the cash which the peasants get for the grain. Part of that money will certainly be turned into hard currency, because everyone is trying in this way to either preserve the real value of his money or to earn something on it."

Because all the money envisaged has not yet been put into circulation, Dr. Kovacevic predicts that only when it reaches its destination will it bring about new effective demand and a further dizzying rise in the exchange rate. At the top, in any case, is the scalping rate, which is 30 percent higher than the street rate, and it will also jump up sharply. Because this scalping rate, which applies to the transactions of business firms, is a parameter used in forming prices, new inflationary pressure was built into prices even at the beginning of this month. In Kovacevic's opinion, this will drive up monthly inflation as high as 500 percent in July and August, which means we have crossed the boundary of hyperinflation.

The owners of small private banks and currency exchange offices, as one of them explained to them, are these days engaged in a continuous battle of wits with the government; they have been forbidden to pay through accounts of the SDK [Social Accounting Service] dinars from the purchase of foreign exchange, and in general they are being harassed in conducting business. The intention on the part of the government here is actually to somehow halt the exchange rate. "I do not know how they think that they can print money uninterruptedly on the one hand and on the other keep the price of foreign exchange under control. No inspectorates can help here. Everyone who knows his job will always do it and will always find some channel. Those who do not know have already shut their doors," says the owner of a private financial organization.

Problems of Machine-Industry Firm

93BA1265C Belgrade BORBA in Serbo-Croatian
13 Jul 93 p 13

[Article by Ljubisa Popovic: "Metalworkers Are Gathering Mushrooms"]

[Text] For the third time in the last several months, the trade union of Industrija Masina i Komponenata [IMK] D.D. [joint-stock company], better known until recently as Industrija 14 Oktobar, has been seeking removal of Ljubivoje Todorovic, general director, ascribing to him the blame for all the troubles that have befallen the most numerous collective in Krusevac. This time, the IMK Board of Directors, interpreting the firm's bylaws, took the view that the trade union has no power to remove the director. Instead, it adopted a decision to advertise a competition for the position of general director, because Todorovic is in that position as acting director.

The attempt at the director's removal gave topical relevance to the dramatic situation one of Serbia's leading metal manufacturers is in. This giant of machinebuilding in Krusevac, like many in Serbia, has passed through all the phases of restructuring, reform, transformation, and

reorganization.... According to many people, the last transformation of ownership, under the Bozovic government, was also the most disastrous, and that not only for IMK, but also for shareholders as represented by successful collectives which by force of circumstances have had to worry other people's worries as well.

Although not one of the approximately 6,000 employees has been proclaimed technologically redundant, the number of those who have a job guaranteed in the shops is shrinking every day. Changes in the organizational scheme and technological arrangement in the form of profit centers and the orientation toward certain new programs in the field of special-purpose production have only partially softened the precipitous flight toward complete collapse.

"Everything that is happening to us at this moment is only a continuation of a negative trend over long years in which everyone expected to get something from IMK without giving anything or giving as little as possible," says acting general director Ljubivoje Todorovic bitterly. "This firm has always been a springboard for personnel to go to opstina and republic positions, but it has gotten little back. Now, everyone seems to be waiting for it to collapse as soon as possible, I even think that this would favor some people, because then they would buy it for a song and only then turn over a new leaf."

The hit topic at IMK over the last two years has been production of the T-84 tank. Praise has been heaped on this up-to-date combat weapon both at home and abroad. Following the disintegration of the old Yugoslavia, the decision was made for IMK of Krusevac to be the final manufacturer instead of Slavonski Brod. Mention was made of the millions of dollars which supposedly were waiting for us from the sale of this weapon in the outside world, especially to the Arab countries.

Finalization of the towing version of the T-84 has now been successfully completed for the present in the plants of IMK in Krusevac. Production and installation of the turret and up-to-date optical and computer systems will

obviously have to wait for better times when there is no blockade and when the foreign exchange potential goes considerably deeper. The Army of Yugoslavia [VJ], however favorably inclined the federal budget might be, will not be a serious customer anytime soon.

"Under those circumstances, however ridiculous and unseemly it might seem to some people, we decided to earn dinars any way we could," Ljubivoje Todorovic says. "All the workers who are on paid leave and live in villages at the foot of Jastrebac have an obligation to gather a certain amount of mushrooms every month and bring them to the factory. Where there are no mushrooms, they will gather stinging nettles, linden leaves, and other plants used in industry. We will commit the money obtained in this way to the development of other profit centers."

Svetozar Rikanovic, until recently Yugoslav ambassador in London, formerly republic deputy prime minister and federal finance minister, and at the moment vice president of Jugobanka D.D., recently came to head IMK's Board of Directors. It remains to be seen how much this superb financial specialist will be of help to the metalworkers in Krusevac. And in circles close to the Board of Directors one can hear the observation that the ownership transformation according to Bozovic's formula thrust IMK further into the abyss. Legislative regulation in the form of political coercion turned the bad debts of the Industrija Masina i Komponentata held by the commercial banks, above all Jugobanka D.D. in Krusevac, into shares. Thus, the successful firms in Krusevac became shareholders and as customers of the same banks they had to accept the bad debts and pay them off. What fresh money the government pumped in on the basis of its own shareholding very quickly leaked out through the cracks in the ossified economic system.

The trade union of IMK is standing fast in its position that Ljubivoje Todorovic, acting general director, is the main and almost sole culprit. Those with a bit more wit have christened the Krusevac giant IMK Mushrooms.